

BUSS & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CUNION TOWNSHIP, MICHIGAN

FRASER PUBLIC SCHOOLS

Fraser, Michigan

FINANCIAL REPORT

June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

September 28, 2020

To the Board of Education of
Fraser Public Schools
Fraser, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fraser Public Schools as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the 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 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 Fraser Public Schools as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To The Board of Education of
Fraser Public Schools
September 28, 2020
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Emphasis of Matter – Change in Accounting Principle

As discussed in Note XIV to the financial statements, as of July 1, 2019 Fraser Public Schools implemented Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities. Our opinion is not modified with respect to this matter.

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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required 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 Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fraser Public Schools' basic financial statements. The combining and individual nonmajor fund financial statements and other information are presented for purposes 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.

BUSS & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CLINTON TOWNSHIP, MICHIGAN

To The Board of Education of
Fraser Public Schools
September 28, 2020
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The other information has 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 28, 2020, on our consideration of Fraser Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Fraser Public Schools' internal control over financial reporting and compliance.

Respectfully,

BUSS & COMPANY, P.C.

Buss Company, PC

Certified Public Accountants

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**FRASER PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2020**

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Fraser Public Schools financially, as a whole. The District-wide Financial Statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances, and a longer-term view of those finances. The fund financial statements provide an additional level of detail. For governmental activities, these statements tell how services were financed in the short-term, as well as what remains for future spending. The fund level financial statements look at the School District's operations in more detail than the District-wide Financial Statements by providing information about the School District's most significant funds - the General Fund in one column, the 2017 Capital Projects Fund in a second column, and all other funds presented in a third column titled nonmajor funds. The format of the annual report is as follows:

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

Basic Financial Statements

<i>District-wide Financial Statements</i>	<i>Fund Financial Statements</i>
Notes to Financial Statements	
Required Supplemental Information	
Other Supplemental Information	
Other Information	

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

The Statement of Net Position and 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, food services, and student/school activities. Property taxes, foundation allowance revenue, and state and federal grants finance most of these activities.

One of the most important questions asked about the School District is, "How have the current year activities affected the financial health of the District?" 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 help the reader answer this question. We prepare these statements to include all assets, liabilities, and deferred inflows and outflows using the accrual basis of accounting, which is similar to the accounting used by most other companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid, which is different from the fund financial statements.

(Continued)

**FRASER PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
For The Year Ended June 30, 2020**

***Reporting the School District as a Whole - District-wide Financial Statements* (Continued)**

These two statements report the School District's net position - the difference between assets and liabilities, as reported in the Statement of Net Position - as one way to measure the School District's financial health, or financial position. An increase or decrease in the School District's net position - as reported in the Statement of Activities - is an indicator of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School District's operating results. However, the School District's goal is to provide quality educational services to our students, not to generate profits as commercial entities do. There are numerous nonfinancial factors to consider, such as the quality of the education provided, and the safety of the schools, when assessing the overall health of the School District.

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

The School District's Fund Financial Statements provide detailed information about the most significant funds - not the School District as a whole. Some funds are required to be established by State law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (like the Cafeteria Fund) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like bond funds used for voter approved capital projects). The governmental funds of the School District use the following accounting approach:

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

(Continued)

FRASER PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
For The Year Ended June 30, 2020

The School District As A Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position as of June 30:

TABLE 1:

NET POSITION

	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 20,897,359	\$ 29,150,819
Capital assets - Net of accumulated depreciation	<u>89,331,174</u>	<u>88,763,295</u>
 Total Assets	 <u>\$ 110,228,533</u>	 <u>\$ 117,914,114</u>
Deferred outflows of resources	\$ 38,895,101	\$ 38,270,479
 Current and other liabilities	 <u>\$ 13,568,208</u>	 <u>\$ 15,785,668</u>
Non current liabilities	88,755,147	91,129,876
Net pension liability	114,803,018	105,124,774
Net OPEB liability	<u>24,769,620</u>	<u>27,654,953</u>
 Total Liabilities	 <u>\$ 241,895,993</u>	 <u>\$ 239,695,271</u>
Deferred Inflows of Resources	<u>\$ 15,754,599</u>	<u>\$ 19,049,509</u>
 Net Position:		
Invested in capital assets, net of related debt	\$ 10,282,639	\$ 8,327,346
Unrestricted	<u>(118,809,597)</u>	<u>(110,887,533)</u>
 Total Net Position	 <u>\$ (108,526,958)</u>	 <u>\$ (102,560,187)</u>

2019 figures have been adjusted to incorporate changes related to the adoption of GASB 84.

The School District's net position was a deficit of \$108.5 million at June 30, 2020. The District had \$10.3 million invested in capital assets, net of related debt. Our analysis above focuses on the net position (Table 1) and changes in net position (Table 2) of the School District's governmental activities. Unrestricted net position of (\$118.8) million represents the accumulated results of all operations and the impact from the adoption of GASB Nos. 68 and 75. These GASB statements require the District to record its share of the net pension and OPEB liabilities of the state-managed retirement system. The operating results of the General Fund and the change in the net pension/OPEB liabilities have significant impact on the change in unrestricted net position from year to year.

(Continued)

FRASER PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
For The Year Ended June 30, 2020

The School District As A Whole (Continued)

As required by the Governmental Accounting Standards Board (GASB) the School District adopted GASB Statement No. 84, Fiduciary Activities, as of July 1, 2019. This standard provides guidance on the identification and reporting of fiduciary activities and required the District to evaluate activities to determine if they were fiduciary in nature. The standard also changed the reporting and presentation requirements of fiduciary activities. The effect of the adoption on the governmental activities was to increase July 1, 2019 beginning net position by \$605,634 which represents the activities that used to be reported as fiduciary but are now reported as governmental under GASB 84. The governmental statement of net position at June 30, 2020 and statement of activities for the year ended June 30, 2020 include all the balances and transactions for those activities that used to be reported as fiduciary, but for which are now reported as governmental. All school districts were required to adopt this new standard, unless they elected to defer for one year as allowed for under GASB Statement 95.

The results of this year's operations for the School District as a whole are reported in the Statement of Activities (Table 2), which shows the changes in net position for the fiscal years ended June 30.

TABLE 2:

STATEMENT OF ACTIVITIES
CHANGES IN NET POSITION
Years Ended June 30

	<u>2020</u>	<u>2019</u>
REVENUES:		
Program Revenues:		
Charges for services	\$ 4,305,683	\$ 4,949,447
Federal, State and other source grants	15,713,541	15,034,375
General Revenues:		
Property taxes	11,364,740	11,087,727
State aid - Unrestricted	33,607,490	34,866,576
Other general revenues	376,342	684,729
Total Revenues	<u>\$ 65,367,796</u>	<u>\$ 66,622,854</u>
FUNCTIONS PROGRAM EXPENSES:		
Instruction	\$ 34,949,829	\$ 34,828,462
Support services	22,783,569	21,708,464
Community services	1,009,346	971,539
Food services	2,628,451	2,792,514
Student/school activities	1,167,156	1,538,494
Interest on long-term debt	3,272,668	3,455,749
Depreciation (Unallocated)	5,523,548	5,328,803
Total Expenses	<u>\$ 71,334,567</u>	<u>\$ 70,624,025</u>
INCREASE (DECREASE) IN NET POSITION	<u>\$ (5,966,771)</u>	<u>\$ (4,001,171)</u>

2019 figures have been adjusted to incorporate changes related to the adoption of GASB 84.

(Continued)

**FRASER PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
For The Year Ended June 30, 2020**

The School District As A Whole (Continued)

As reported in the Statement of Activities, the cost of all of our governmental activities this year was \$71.3 million. Some of the cost was paid by those who benefitted from the programs in the form of charges for services (\$4.3 million) or by other governments and organizations who subsidized certain programs with grants and contributions (\$15.7 million). We paid for the remaining "public benefit" portion of our governmental activities with \$11.3 million in taxes, \$33.6 million in State Aid, and with our other revenues, like interest and general entitlements.

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 you consider whether the School District is being accountable for the resources taxpayers and others provide to it but may also give you more insight into the School District's overall financial health.

As the School District completed this year, our governmental funds reported a combined fund balance of \$13.1 million, which is a decrease of \$7.2 million from last year. The primary reasons for these decreases are:

Our General Fund is our principal operating fund. The fund balance in the General Fund decreased \$1.7 million to \$4.8 million. The decrease is due to expenditures exceeding revenues for the period.

The 2017 Capital Projects Fund showed a decrease in fund balance of \$5.3 million. The decrease is due to expenditures related to building and site improvements.

The Special Revenue Funds showed a net decrease in fund balance of \$259,329. As a result of the adoption of GASB 84, certain scholarships were transferred to a separate education foundation and the District created the Student/School Activity Fund to account for activities previously reported as Fiduciary Funds.

The Debt Retirement Funds showed a net increase in fund balance of \$61,693. Debt and interest payments exceeded tax collections during the year.

General Fund Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted just before year-end. There were significant revisions made to the 2019-2020 budget as a result of the Covid-19 Pandemic and face to face instruction being halted in March. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in the Required Supplemental Information Section of these financial statements. Changes to the General Fund original budget were as follows:

(Continued)

FRASER PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
For The Year Ended June 30, 2020

General Fund Budgetary Highlights (Continued)

- Budgeted revenues and other financing sources were decreased by \$764,681.
- Budgeted expenditures and other financing uses were decreased by \$920,463.

The District's actual revenues and other financing sources for the year ended June 30, 2020 of \$54.3 million were \$777,975 less than the final amended budget. As a result of the COVID-19 Pandemic and the financial impact at the State level, the District received a reduction in State Aid of \$846,526. This reduction was not included in the final budget that was adopted in June of 2020. The reduction in actual revenues as compared to budget represents a variance of less than .2%.

Actual total expenditures and other financing uses for the year ended June 30, 2020 of \$56.0 million were less than the final budget by \$258,201 or .4%. The expenditure decrease is a direct result of the COVID-19 closure which shut down face to face instruction from March until June.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2020, the School District had \$161.0 million invested in a broad range of capital assets, including land, buildings, vehicles, and furniture and equipment. This amount represents an increase of \$5.8 million, or 3.7%, from last year.

CAPITAL ASSETS AT YEAR END

	<u>2020</u>	<u>2019</u>
Land	\$ 632,083	\$ 632,083
Buildings, sites and improvements	140,488,867	136,145,227
Buses and other vehicles	3,155,676	3,068,167
Furniture and equipment (including technology)	<u>16,765,913</u>	<u>15,400,516</u>
Total Capital Assets	<u>\$ 161,042,539</u>	<u>\$ 155,245,993</u>
Less: Accumulated depreciation	<u>71,711,365</u>	<u>66,482,698</u>
	<u><u>\$ 89,331,174</u></u>	<u><u>\$ 88,763,295</u></u>

This year's additions of \$5.8 million included classroom furniture and equipment (including technology), school buses, and several projects called for in the Capital Projects Funds. These projects include erecting, remodeling, reequipping and refurbishing school buildings, and other facilities.

(Continued)

FRASER PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
For The Year Ended June 30, 2020

Debt

During the year ended June 30, 2020, the School District issued general obligation bonds of \$11,155,000 to refund a portion of the outstanding loans from the School Loan Revolving Fund. This transaction resulted in net present value savings to the District of approximately \$781,000. At the end of this year, the School District had \$82.9 million in general obligation bonds outstanding versus \$76.6 million last year – an increase of 8.2%. Also, the District had \$1.9 million outstanding in notes payable for the School Loan Revolving Fund.

The School District's School Issuer Credit Rating on its general obligation bonds per Standard and Poor's is AA. The state limits the amount of general obligation debt that schools can issue to 15% of the assessed value of all taxable property within the School District's boundaries. The School District's outstanding general obligation debt of \$82.9 million is significantly below the statutorily imposed limit.

Other obligations include accrued sick leave and net pension liability. We present more detailed information about our long-term liabilities in the Notes to Financial Statements.

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the School District's 2020-2021 fiscal year budget. The following items could significantly impact the District's financial position in the future:

- One of the most significant 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 prepared assuming no change in the number of students from the 2019-2020 blended count. This number was an estimate based on historical data. The actual student count may vary from this estimate. Once the student count is validated, the adjustment to revenue will be reflected in a budget amendment.
- The District's revenue is heavily dependent on state funding and the health of the state's school aid fund. In preparing the 2020-2021 budget, the District assumed a decrease in the per pupil foundation allowance of \$675 for a total of \$7,854 per pupil. This decrease is a direct result of the economic impact of the COVID-19 pandemic and was based on projections provided by the Michigan Legislature after the Consensus Revenue Estimating Conference (CREC) held in May of 2020. For the first time in many years the Michigan Legislature did not establish a budget prior to the start of the District's fiscal year. The May CREC estimated a significant shortfall in the School Aid Fund resulting in the budgeted reduction in per pupil funding. Since May, a special August CREC was held and the projections of the shortfall were positively adjusted. While revenues are not projected to be where they were prior to COVID-19 they have improved and are estimated to be sufficient to fund the estimated appropriation with no reduction to the foundation allowance. Once the actual budget is known, state law requires the District to amend the budget if actual district resources are not sufficient to fund appropriations.

(Continued)

FRASER PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
For The Year Ended June 30, 2020

Economic Factors and Next Year's Budgets and Rates (Continued)

- On March 10, 2020, a county-wide Regional Enhancement Millage was passed by voters in Macomb County. This millage authorizes 1.9 mills to be levied and collected for a period of ten years. This millage will provide revenue to allow the District to continue to provide quality instruction as the funding from the State of Michigan remains uncertain.
- The District currently has eight union groups as part of its workforce. The District has successfully negotiated contracts with all of these groups. The extended contracts expire as follows:

Fraser Administrators Association	June 30, 2022
MEA – NEA Local 1	November 30, 2020
AFSCME Michigan Council #25, Local 3846 – Food Service	June 30, 2022
– Media Technology Assistants	June 30, 2022
– Operations and Maintenance	June 30, 2022
– Transportation	June 30, 2022
AFSCME Michigan Council #25, Local 1884 – Administrative Assistants	June 30, 2022
Fraser Paraprofessional Association	December 31, 2020

Contacting the School District's Financial Management

This financial report is designed to provide the School District's citizens, taxpayers, customers, and investors and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about the report or need additional financial information, contact the Business Office, 33466 Garfield, Fraser, Michigan 48026.

FRASER PUBLIC SCHOOLS
STATEMENT OF NET POSITION
June 30, 2020

Exhibit BFS-A

GOVERNMENTAL ACTIVITIES

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 4,640,047
Investments	679,746
Taxes receivable	51,367
Accounts receivable	169,072
Due from other governmental units	7,862,926
Inventories	4,531
Prepaid expenditures	79,983
Restricted assets	7,409,687
Total Current Assets	\$ 20,897,359

NON-CURRENT ASSETS:

Capital assets	\$ 161,042,539
Less: Accumulated depreciation	71,711,365
Total Non-Current Assets	\$ 89,331,174
Total Assets	\$ 110,228,533

DEFERRED OUTFLOWS OF RESOURCES

Related to pensions	\$ 31,182,343
Related to other postemployment benefits	6,850,495
Deferred charges on refunding	862,263
Total Deferred Outflows of Resources	\$ 38,895,101

LIABILITIES

CURRENT LIABILITIES:

Accounts payable	\$ 1,144,181
Payroll deductions and withholdings	1,744,219
Salaries payable	3,467,983
Other accrued expenses	667,403
Unearned revenue	1,389,513
Bonds and note payable, due within one year	5,075,000
Compensated absences and early retirement pay, due within one year	79,909
Total Current Liabilities	\$ 13,568,208

NON-CURRENT LIABILITIES:

Bonds and note payable	\$ 79,742,447
Unamortized bond premium	7,714,657
Net pension liability	114,803,018
Net other postemployment benefits liability	24,769,620
Compensated absences and early retirement pay	1,298,043
Total Non-Current Liabilities	\$ 228,327,785
Total Liabilities	\$ 241,895,993

DEFERRED INFLOWS OF RESOURCES

Related to pensions	\$ 5,110,529
Related to other postemployment benefits	6,850,495
State aid funding for pension and other postemployment benefits	3,793,575
Total Deferred Inflows of Resources	\$ 15,754,599

NET POSITION

Invested in capital assets, net of related debt	\$ 10,282,639
Unrestricted	(118,809,597)
Total Net Position	\$ (108,526,958)

See accompanying notes to financial statements.

**FRASER PUBLIC SCHOOLS
 STATEMENT OF ACTIVITIES
 June 30, 2020**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			GOVERNMENTAL ACTIVITIES
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
PRIMARY GOVERNMENT:				
Governmental Activities:				
Instruction	\$ 34,949,829	\$ 791,267	\$ 9,836,519	\$ (24,322,043)
Support services	22,783,569	479,648	4,596,302	(17,707,619)
Community services	1,009,346	598,133	5,141	(406,072)
Food services	2,628,451	1,327,750	1,275,579	(25,122)
Student/school activities	1,167,156	1,108,885	-	(58,271)
Interest on long-term debt	3,272,668	-	-	(3,272,668)
Depreciation (Unallocated)	5,523,548	-	-	(5,523,548)
Total Governmental Activities	\$ 71,334,567	\$ 4,305,683	\$ 15,713,541	\$ (51,315,343)
GENERAL REVENUES:				
Property taxes, levied for general purposes				\$ 5,276,076
Property taxes, levied for debt services				6,088,664
State aid not restricted to specific purposes				33,607,490
Interest and investment earnings				322,127
Other				71,935
Total General Revenues				\$ 45,366,292
Loss on disposal of assets				(17,720)
Total General Revenues and Special Item				\$ 45,348,572
CHANGE IN NET POSITION				
NET POSITION - JULY 1, AS RESTATED				\$ (5,966,771)
NET POSITION - JUNE 30				\$ (102,560,187)
				\$ (108,526,958)

See accompanying notes to financial statements.

FRASER PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
 June 30, 2020

	GENERAL FUND	2017 CAPITAL PROJECTS FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and cash equivalents	\$ 3,654,598	\$ 3,967,547	\$ 1,192,090	\$ 8,814,235
Investments	679,746	3,235,499	-	3,915,245
Taxes receivable	19,851	-	31,516	51,367
Accounts receivable	149,214	19,858	-	169,072
Due from other governmental units	7,741,341	-	121,585	7,862,926
Due from other funds	217,858	612	500	218,970
Inventories	-	-	4,531	4,531
Prepaid expenditures	79,983	-	-	79,983
Total Assets	\$ 12,542,591	\$ 7,223,516	\$ 1,350,222	\$ 21,116,329
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ 1,144,181	\$ -	\$ -	\$ 1,144,181
Payroll deductions and withholdings	1,744,219	-	-	1,744,219
Salaries payable	3,467,983	-	-	3,467,983
Other accrued expenses	16,999	-	-	16,999
Unearned revenue	1,347,158	-	42,355	1,389,513
Due to other funds	-	-	218,970	218,970
Total Liabilities	\$ 7,720,540	\$ -	\$ 261,325	\$ 7,981,865
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue	\$ 19,851	\$ -	\$ 31,516	\$ 51,367
FUND BALANCES:				
Non-spendable - Inventories and prepaid expenditures	\$ 79,983	\$ -	\$ 4,531	\$ 84,514
Restricted for debt service	-	-	206,641	206,641
Restricted for capital projects	-	7,223,516	-	7,223,516
Restricted for food service	-	-	547,363	547,363
Restricted for student/school activities	-	-	298,846	298,846
Committed - Technology	384,431	-	-	384,431
Assigned to subsequent year budget	2,195,026	-	-	2,195,026
Unassigned	2,142,760	-	-	2,142,760
Total Fund Balances	\$ 4,802,200	\$ 7,223,516	\$ 1,057,381	\$ 13,083,097
Total Liabilities, Deferred Infloows of Resources and Fund Balances	\$ 12,542,591	\$ 7,223,516	\$ 1,350,222	\$ 21,116,329

See accompanying notes to financial statements.

FRASER PUBLIC SCHOOLS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
WITH THE STATEMENT OF NET POSITION

June 30, 2020

Exhibit BFS-D

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 13,083,097
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 governmental funds:	
The cost of capital assets is	\$ 161,042,539
Accumulated depreciation is	<u>(71,711,365)</u>
	89,331,174
Other assets not available to pay current period expenditures are deferred in the funds.	
	51,367
Deferred outflows of resources related to pensions	31,182,343
Deferred outflows of resources related to other postemployment benefits	6,850,495
Deferred outflows of resources related to charges on refunding, net of amortization	862,263
Long-term liabilities are not due and payable in the current period and are not reported in the funds:	
Long-term debt obligations	\$ (84,805,977)
Compensated absences	<u>(1,377,952)</u>
Net pension liability	<u>(114,803,018)</u>
Net other postemployment benefits liability	<u>(24,769,620)</u>
	(225,756,567)
Unamortized bond premium is not included as a liability in governmental activities.	
	(7,714,657)
Deferred inflows of resources related to pensions	(5,110,529)
Deferred inflows of resources related to other postemployment benefits	(6,850,495)
Deferred inflows of resources related to state pension funding	(3,793,575)
Accrued interest is not included as a liability in government funds, it is reported when paid	
	<u>(661,874)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u>\$ (108,526,958)</u>

See accompanying notes to financial statements.

FRASER PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended June 30, 2020

	GENERAL FUND	2017 CAPITAL PROJECTS FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
Local sources	\$ 6,883,152	\$ 537,860	\$ 8,580,361	\$ 16,001,373
State sources	43,444,634	-	529,178	43,973,812
Federal sources	1,835,884	-	1,658,634	3,494,518
Other	1,852,703	-	-	1,852,703
Total Revenues	\$ 54,016,373	\$ 537,860	\$ 10,768,173	\$ 65,322,406
EXPENDITURES:				
Instruction	\$ 33,056,005	\$ -	\$ -	\$ 33,056,005
Supporting services	21,251,925	-	-	21,251,925
Community services	1,009,346	-	-	1,009,346
Cafeteria activities	-	-	2,628,451	2,628,451
Student/school activities	-	-	1,167,156	1,167,156
Debt service:				
Principal	-	-	4,920,000	4,920,000
Interest	-	-	4,015,480	4,015,480
Paying agent fees and expense	-	-	125,786	125,786
Capital outlay and other transactions	349,545	5,842,164	19,936	6,211,645
Total Expenditures	\$ 55,666,821	\$ 5,842,164	\$ 12,876,809	\$ 74,385,794
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (1,650,448)	\$ (5,304,304)	\$ (2,108,636)	\$ (9,063,388)
OTHER FINANCING SOURCES (USES):				
Incoming transfers	\$ 156,000	\$ -	\$ -	\$ 156,000
Proceeds from the issuance of debt	-	-	13,099,000	13,099,000
Proceeds from the sale of assets and other transactions	174,431	-	-	174,431
Outgoing transfers	-	-	(156,000)	(156,000)
Payment to State of Michigan - SLRF	-	-	(11,032,000)	(11,032,000)
Other transactions	(355,517)	(30,590)	-	(386,107)
Total Other Financing Sources (Uses)	\$ (25,086)	\$ (30,590)	\$ 1,911,000	\$ 1,855,324
NET CHANGE IN FUND BALANCES	\$ (1,675,534)	\$ (5,334,894)	\$ (197,636)	\$ (7,208,064)
FUND BALANCES - JULY 1, AS RESTATED	6,477,734	12,558,410	1,255,017	20,291,161
FUND BALANCES - JUNE 30	\$ 4,802,200	\$ 7,223,516	\$ 1,057,381	\$ 13,083,097

See accompanying notes to financial statements.

FRASER PUBLIC SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2020

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (7,208,064)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are capitalized and depreciated over their estimated useful lives as depreciation:

Depreciation expense	(5,523,548)
Capital outlay	6,211,645
Proceeds on the sale of assets	(102,498)
Gain (loss) on disposal of capital assets	(17,720)

Revenue reported in the statement of activities that does not provide financial resources and are not reported as revenue in the governmental funds.

(8,823)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any impact on net position. Also, governmental funds report the effect of issuance premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These amounts represent the related activity of the current period.

Repayment of bond principal	14,497,625
Proceeds from the issuance of debt	(13,099,000)
Amortization of deferred charges on refunding	(60,836)
Amortization of bond premium	931,573

Accrued interest on bonds and note payables is an expenditure in the statement of activities when incurred; an expenditure is not reported in the governmental funds until paid.

1,326,450

Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Pension related items	(7,468,158)
Other postemployment benefits related items	4,610,177

Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to section 147c pension contributions subsequent to the measurement period.

45,438

Compensated absences are reported as expenditures in the statement of activities when incurred; an expenditure is not recorded in the governmental funds until paid.

(101,032)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ (5,966,771)

See accompanying notes to financial statements.

**FRASER PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2020**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Fraser Public Schools conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of significant accounting policies used by the School District:

A. GOVERNMENTAL REPORTING ENTITY

Fraser Public Schools is a general powers school district governed by an elected seven-member Board of Education. No component units, as defined by the Governmental Auditing Standards Board, are required to be included in the reporting entity's financial statements.

B. DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the district-wide activities are considered to be governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

District-Wide Statements - The district-wide financial statements are reported using the economic resources measurement focus and the 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. Property taxes are recognized as revenue in the year for which they are levied. Grants, categorical aid, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the district-wide financial statements.

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

(Continued)

**FRASER PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS, CONTINUED
For The Year Ended June 30, 2020**

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

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

The School District reports the General Fund and the 2017 Capital Projects Fund as major governmental funds. The General Fund is the School District's primary operating fund. It accounts for all financial resources of the School District, except those required to be accounted for in another fund. The Capital Projects Fund is used to record bond proceeds or other revenue and expenditures related to renovating, remodeling, and improving existing School District facilities.

The School District reports the following funds as nonmajor funds:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The Special Revenue Funds maintained by the District are the Cafeteria Fund and the Student/School Activity Fund.

Debt Retirement Funds - Debt Retirement Funds are used to account for the accumulated resources for, and the payment of, long-term principal, interest and related costs.

Cash and Investments - Fraser Public Schools District's cash and cash equivalents consist of various interest bearing savings accounts, checking accounts, money market accounts, certificates of deposit, and U.S. Treasury obligations. Cash and cash equivalents are carried at cost, which approximates fair value. Investments consist of commercial paper and U.S. Agency Obligations. They are carried at fair market value. The District considers all short-term investments with an original maturity of one year or less to be cash equivalents.

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

Taxes Receivable - Taxes receivable represent that portion of prior year levies uncollected as of June 30, 2020. These balances represent only personal property taxes in that the County has adopted the Revolving Tax Fund concept and remitted all delinquent real property taxes prior to the close of the fiscal year; however, should any taxes be uncollectible, the District is liable for reimbursement to the County. No allowance for uncollectible taxes has been established since past experience indicates this amount to be immaterial.

For the Township of Clinton and the Cities of Fraser and Roseville, the District levies personal and real property taxes in July of each year. Property taxes attach as an enforceable lien on property as of December 31. Delinquent real property taxes are assumed by the County and remitted to the District prior to June 30.

(Continued)

FRASER PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS, CONTINUED
For The Year Ended June 30, 2020

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (Continued)

Inventories and Prepaid Items - Inventories are reflected at cost, which approximates market, using the first-in, first-out method. Inventory recorded in the General Fund consists of items specifically ordered for the ensuing year and have been received, invoiced and/or paid as of June 30, 2020. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both the district-wide and the fund financial statements.

Capital Assets - Capital assets, which include land, buildings and sites, renovations, equipment, and vehicles, are reported in the applicable governmental activities column in the district-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$5,000 for any single item or group of similar items purchased at the same time. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. Improvements to sites or buildings in excess of \$5,000 that extend the useful life of the capital asset at least five years are also capitalized.

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

Buildings and sites	40-50 years
Building and site renovations	7-30 years
Buses and other vehicles	8 years
Furniture and other equipment	5-20 years

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. They are the deferred charge on refunding, pension and other postemployment benefits related items reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows are recognized for pension and other postemployment benefits related items. These amounts are expensed in the plan years in which it applies.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The first is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension and other postemployment benefit contributions subsequent to the measurement period. The second and third items are future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension and other postemployment benefit liability and the actual results. The amounts are amortized over a period determined by the actuary.

(Continued)

FRASER PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS, CONTINUED
For The Year Ended June 30, 2020

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE (Continued)

Compensated Absences - The liability for compensated absences reported in the district-wide statements consists of unpaid, accumulated sick leave balances and early retirement incentive pay. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the following year to receive such payments upon termination are included. A liability for compensated absences is reported in the governmental funds only to the extent that they have matured, for example, as a result of employee retirement.

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

Long-Term Obligations - In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period.

The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

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

Fund Balance - In the fund financial statements, governmental funds report restrictions of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Commitments of fund balance represent amounts committed by the District's highest level of decision-making authority and require Board resolution. Assignments represent tentative management plans that are subject to change. Management's authority to create these assignments are established by the Board.

It is the policy of the District to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted fund balance are available. Committed or assigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

(Continued)

FRASER PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS, CONTINUED
For The Year Ended June 30, 2020

II. 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 and Special Revenue Funds. All annual appropriations lapse at fiscal year end.

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. Final budget adjustments were approved prior to June 30, 2020. During the year ended June 30, 2020, expenditures did not exceed the amounts appropriated by the Board.

Encumbrances - Encumbrances not committed to accounts and contracts payable by year end are allowed to lapse and are rebudgeted in the following year.

Capital Projects Funds - The Capital Projects Funds include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the District has complied with the applicable provision of Section 1351a of the State of Michigan's School Code.

Subsequent Events - Management has evaluated events and transactions for potential recognition or disclosure through September 28, 2020, the date the financial statements were available to be issued.

III. DEPOSITS AND INVESTMENTS

State statutes authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits are in accordance with statutory authority.

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

Cash and cash equivalents	\$ 4,640,047
Investments	679,746
Restricted - Cash and cash equivalents	4,174,188
Restricted - Investments	<u>3,235,499</u>
Total	<u>\$ 12,729,480</u>

(Continued)

FRASER PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS, CONTINUED
For The Year Ended June 30, 2020

III. 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 does not further limit its investment choices.

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not currently have a policy for custodial credit risk. At June 30, 2020, the District's deposit balance of \$9,370,612 had \$8,603,658 of bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized. The District believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the 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.

Custodial Credit Risk of Investments - Custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not currently have a policy for custodial credit risk. The School District believes that custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law.

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 beyond those allowed by state law.

Fair Value Measurement – The District is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.
- Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

(Continued)

FRASER PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS, CONTINUED
For The Year Ended June 30, 2020

III. DEPOSITS AND INVESTMENTS (Continued)

The District has the following fair value measurement as of June 30, 2020:

Investment Type	Classification	Standard & Poors Rating		Total
		AA+	Not Rated	
Commercial Paper	Level 2	\$ -	\$ 679,746	\$ 679,746
U.S. Government Agency Obligation	Level 2	\$ 3,195,337	\$ 40,162	\$ 3,235,499
		<u>\$ 3,195,337</u>	<u>\$ 719,908</u>	<u>\$ 3,915,245</u>

Investment Type	Investment Maturities	
	Less Than 1 Year	1-3 Years
Commercial Paper	\$ 679,746	\$ -
U.S. Government Agency Obligation	\$ 1,779,790	\$ 1,455,709
	<u>\$ 2,459,536</u>	<u>\$ 1,455,709</u>

IV. INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at June 30, 2020 consist of the following:

	General Fund	Cafeteria Fund	Government Wide
State aid	\$ 7,170,343	\$ -	\$ 7,170,343
Federal revenue	458,430	47,781	506,211
Other	<u>112,568</u>	<u>73,804</u>	<u>186,372</u>
Total	<u>\$ 7,741,341</u>	<u>\$ 121,585</u>	<u>\$ 7,862,926</u>

No allowance for doubtful accounts is considered necessary based on previous experience.

(Continued)

FRASER PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS, CONTINUED
For The Year Ended June 30, 2020

V. CAPITAL ASSETS

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

	<u>Balance</u> <u>July 01, 2019</u>	<u>Additions</u>	<u>Disposals and</u> <u>Adjustments</u>	<u>Balance</u> <u>June 30, 2020</u>
Capital Assets Not Being Depreciated:				
Land	\$ 632,083	\$ -	\$ -	\$ 632,083
Capital Assets Being Depreciated:				
Buildings, sites and improvements	\$ 136,145,227	\$ 4,343,639		\$ 140,488,866
Buses and other vehicles	3,068,167	403,300	315,791	3,155,676
Furniture and equipment	15,400,516	1,464,706	99,308	16,765,914
Subtotal	<u>\$ 154,613,910</u>	<u>\$ 6,211,645</u>	<u>\$ 415,099</u>	<u>\$ 160,410,456</u>
Less: Accumulated Depreciation for:				
Buildings, sites and improvements	\$ 55,137,547	\$ 3,738,007	\$ -	\$ 58,875,554
Buses and other vehicles	1,874,370	253,704	232,814	1,895,260
Furniture and equipment	9,470,781	1,531,837	62,067	10,940,551
Subtotal	<u>\$ 66,482,698</u>	<u>\$ 5,523,548</u>	<u>\$ 294,881</u>	<u>\$ 71,711,365</u>
Net Capital Assets Being Depreciated	<u>\$ 88,131,212</u>	<u>\$ 688,097</u>	<u>\$ 120,218</u>	<u>\$ 88,699,091</u>
Net Capital Assets	<u>\$ 88,763,295</u>	<u>\$ 688,097</u>	<u>\$ 120,218</u>	<u>\$ 89,331,174</u>

Depreciation expense was not charged to activities as the District considers the assets to impact multiple activities and allocation is not practical.

VI. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances is as follows:

Interfund Receivables/Payables

Fund	<u>Interfund</u> <u>Receivables</u>	<u>Interfund</u> <u>Payables</u>
General Fund	\$ 217,858	\$ -
Debt Retirement Funds	500	500
Special Revenue Fund	-	218,470
Capital Project Fund	612	-
Total	<u>\$ 218,970</u>	<u>\$ 218,970</u>

(Continued)

FRASER PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS, CONTINUED
For The Year Ended June 30, 2020

VI. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund Transfers	<u>Transferred To General Fund</u>
Transferred From: Special Revenue Fund	<u>\$ 156,000</u>

The food service fund transferred \$156,000 to the general fund for indirect costs.

VII. DEFERRED INFLOWS OF RESOURCES AND UNEARNED REVENUE

Governmental funds report deferred inflows of resources in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred inflows of resources and unearned revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes	\$ 51,367	\$ -
Grant and categorical aid payments received prior to meeting all eligibility requirements	-	1,347,158
Other payments received prior to being earned	-	42,355
Total	<u>\$ 51,367</u>	<u>\$ 1,389,513</u>

VIII. LONG-TERM DEBT

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General Obligation Bonds are direct obligations and pledge the full faith and credit of the School District. Other long-term obligations include notes payable and compensated absences.

(Continued)

FRASER PUBLIC SCHOOL
NOTES TO FINANCIAL STATEMENTS, CONTINUED
For The Year Ended June 30, 2020

VIII. LONG-TERM DEBT (Continued)

Long-term liability balances and activity for the year ended June 30, 2020 were as follows:

GOVERNMENTAL ACTIVITIES	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Debt:					
Bonds payable	\$ 76,625,000	\$11,155,000	\$ 4,920,000	\$ 82,860,000	\$ 5,075,000
School Loan Revolving Fund	9,579,602	1,944,000	9,577,625	1,945,977	-
School Loan Revolving Fund - Interest	1,335,052	130,793	1,454,375	11,470	
Bond premium	8,646,229	-	931,572	7,714,657	
Other Liabilities:					
Compensated absences	1,276,920	256,312	155,280	1,377,952	79,909
Total	<u>\$ 97,462,803</u>	<u>\$13,486,105</u>	<u>\$17,038,852</u>	<u>\$ 93,910,056</u>	<u>\$ 5,154,909</u>

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

Year Ended June 30	Principal	Interest	Total
2021	\$ 5,075,000	\$ 3,458,922	\$ 8,533,922
2022	5,260,000	3,294,084	8,554,084
2023	5,425,000	3,090,304	8,515,304
2024	5,575,000	2,878,274	8,453,274
2025	6,285,000	2,658,744	8,943,744
2026-2030	35,155,000	9,509,050	44,664,050
2031-2035	5,925,000	4,441,250	10,366,250
2036-2040	6,550,000	2,897,500	9,447,500
2041-2045	5,460,000	1,323,000	6,783,000
2046-2050	2,150,000	161,250	2,311,250
Totals	<u>\$82,860,000</u>	<u>\$33,712,378</u>	<u>\$116,572,378</u>

Additional details related to bonds and notes payable are provided in Schedule 2.

(Continued)

FRASER PUBLIC SCHOOL
NOTES TO FINANCIAL STATEMENTS, CONTINUED
For The Year Ended June 30, 2020

VIII. LONG-TERM DEBT (Continued)

Other long-term liabilities are as follows:

Employee accumulated sick bank	\$ 1,274,392
Accumulated sick pay for retired employees	103,560
Total	<u>\$ 1,377,952</u>
Less: Current portion due within one year	79,909
Total Long-Term Portion	<u><u>\$ 1,298,043</u></u>

School Loan Revolving Fund - The School Loan Revolving Fund payable represents notes payable to the State of Michigan for loans made to the School District for the purpose of paying principal and interest on general obligation bonds of the School District issued for capital expenditures. Interest rates are determined annually by the State Administrative Board and are the greater of 3.0% or the average annual cost of funds based on the average rate paid by the state on debt obligations issued to finance the loan program plus 0.125%. Interest has been assessed for the year ended June 30, 2020 at an annual rate of 3.11836%. Repayment begins as soon as annual tax collections exceed annual debt service payment requirements. The predetermined mandatory final loan repayment date is May 1, 2047. Due to the variability of the factors that affect the timing of repayment, including the future amount of state-equalized value of property in the School District, no provision for repayment has been included in the above amortization schedule. The state may apply a default late charge on the note if the District does not make the repayments, or apply the default late charge if the District fails to levy the appropriate debt mills. The state may also withhold state aid payments if the District is in default. On October 30, 2019, the School District issued general obligation bonds of \$11,155,000 with an interest rate of 2.088% to 2.5% to refund a portion of the School Loan Revolving Fund. The net present value savings to the District is \$781,381.

Prior-Year Defeasance of Debt – In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2020, \$7,000,000 of bonds outstanding are considered defeased.

IX. RESTRICTED ASSETS

The balances for the restricted asset accounts are as follows:

	<u><u>Governmental Funds</u></u>
Debt service	\$ 206,641
2017 Capital Project Fund	<u>7,203,046</u>
Total Restricted Assets	<u><u>\$ 7,409,687</u></u>

(Continued)

FRASER PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS, CONTINUED
For The Year Ended June 30, 2020

X. RISK MANAGEMENT

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical and workers' compensation benefits provided to employees. The District has purchased commercial insurance to cover these risks with the exception of health insurance.

Effective January 1, 2011 the District became partially self-insured for medical benefits provided to employees. The District's maximum exposure for the period ended June 30, 2020 was limited to a specific stop loss of \$160,000 and an aggregate stop loss at 130% of estimated medical claims not to exceed \$20,496 per covered contract per year or \$6,669,950 as of June 30, 2020. The District has purchased commercial excess insurance coverage to pay employee claims in excess of deductible amounts. A summary of the activity for the period from July 1, 2019 through June 30, 2020 is as follows:

Estimated liability (overpayment) as of July 1, 2019	\$ 331,492
Estimated claims paid including administrative costs	5,095,321
Total payments made to Blue Cross Blue Shield	<u>(5,326,553)</u>
Estimated liability (overpayment) as of June 30, 2020	<u>\$ 100,260</u>

XI. RETIREMENT AND POSTRETIREMENT BENEFITS

The District participates in the Michigan Public School Employees' Retirement System (MPSERS), a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the Board's authority to promulgate or amend the provisions of the System. MPSERS issues a publicly available Comprehensive Annual Financial Report that can be obtained at <http://michigan.gov/orsschools>.

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

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

(Continued)

FRASER PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS, CONTINUED
For The Year Ended June 30, 2020

XI. RETIREMENT AND POSTRETIREMENT BENEFITS (Continued)

Benefits Provided - Pension

Participants are enrolled in one of multiple plans based on date of hire and certain voluntary elections. A summary of the pension plans offered by MPERS is as follows:

Plan Name	Plan Type	Plan Status
Basic	Defined Benefit	Closed
Member Investment Plan (MIP)	Defined Benefit	Closed
Pension Plus	Hybrid	Closed
Pension Plus 2	Hybrid	Open
Defined Contribution	Defined Contribution	Open

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

Benefit Provisions – Other Postemployment Benefit (OPEB)

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, hearing, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree health care recipient.

Member Contributions

Depending on the plan selected, member contributions range from 0% - 7% for pension and 0% - 3% for other post employment benefits. Plan members electing the defined contribution plan are not required to make additional contributions.

(Continued)

FRASER PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS, CONTINUED
For The Year Ended June 30, 2020

XI. RETIREMENT AND POSTRETIREMENT BENEFITS (Continued)

Employer Contributions

School districts' contributions are determined based on employee elections. There are several different benefit options included in the plan available to employees based on date of hire. Contribution rates are adjusted annually by the ORS. The range of rates is as follows:

	<u>Pension</u>	<u>Other Postemployment Benefit</u>
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%

Required contributions to the pension plan from the District were \$9,209,228 for the year ended September 30, 2019. Required contributions to the OPEB Plan from the District were \$2,369,408 for the year ended September 30, 2019.

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

At June 30, 2020, the District reported a liability of \$114,803,018 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2018. The District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2019, the District's proportion was .34666 percent, which was a decrease of .00303 percent from its proportion measured as of September 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$17,207,380.

(Continued)

FRASER PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS, CONTINUED
For The Year Ended June 30, 2020

XI. RETIREMENT AND POSTRETIREMENT BENEFITS (Continued)

At June 30, 2020, the 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
Differences between actual and expected experience	\$ 514,584	\$ (478,718)
Changes of assumptions	22,478,512	-
Net difference between projected and actual earnings on pension plan investments	-	(3,679,242)
Changes in proportion and differences between District contributions and proportionate share of contributions	270,258	(952,569)
District contributions subsequent to the measurement date	7,918,989	-
Total	\$ 31,182,343	\$ (5,110,529)

\$7,918,989 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30,

2020	\$7,323,324
2021	5,742,797
2022	3,625,671
2023	1,461,033

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

At June 30, 2020, the District reported a liability of \$24,769,620 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of September 30, 2018 and rolled-forward using generally accepted actuarial procedures. The 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, the District's proportion was .34509 percent, which was a decrease of .00282 percent from its proportion measured as of September 30, 2018.

For the Year ended June 30, 2020 the District recognized OPEB expense of \$540,242.

(Continued)

FRASER PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS, CONTINUED
For The Year Ended June 30, 2020

XI. RETIREMENT AND POSTRETIREMENT BENEFITS (Continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (9,088,674)
Changes in assumptions	5,367,075	
Net difference between projected and actual plan investments earnings	-	(430,756)
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,616	(397,126)
District contributions subsequent to the measurement date	<u>1,478,804</u>	<u>-</u>
	<u>\$ 6,850,495</u>	<u>\$ (9,916,556)</u>

\$1,478,804 reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

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

Year ended September 30,

2020	(\$1,246,452)
2021	(1,246,452)
2022	(1,032,274)
2023	(680,836)
2024	(338,851)

Actuarial Assumptions

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

(Continued)

FRASER PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS, CONTINUED
For The Year Ended June 30, 2020

XI. PENSION PLAN AND POSTRETIREE BENEFITS (Continued)

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Actuarial Assumptions

Wage Inflation Rate	2.75%
Investment Rate of Return	
- MIP and Basic Plans OPEB	6.80%
- Pension Plus Plan	6.80%
- Pension Plus 2 Plan	6.00%
- OPEB	6.95%
Projected Salary Increases	2.75-11.55%, including wage inflation at 2.75%
Cost-of-Living Pension Adjustments	3% Annual Non-Compounded for MIP Members
Healthcare Cost Trend Rate	7.5% Year 1 graded to 3.0% Year 12
Mortality	RP-2014 Male and Female Healthy Annuitant Mortality Tables, adjusted for mortality improvements. For active members, 100% of the table rates were used. For retirees 82% of the table rates were used for males and 78% of the table rates were used for females.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension 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 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of September 30, 2019, are summarized in the following table:

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

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

(Continued)

FRASER PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS, CONTINUED
For The Year Ended June 30, 2020

XI. PENSION PLAN AND POSTRETIREMENT BENEFITS (Continued)

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

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

Discount Rate

Pension Discount Rate – The discount rate used to measure the total pension liability was 6.80% (6.80% for the Pension Plus Plan and 6% for the Pension Plus 2 Plan). This discount rate was based on the long-term rate of return on pension plan investments of 6.80% (6.80% for the Pension Plus Plan and 6% for the Pension Plus 2 Plan). The projection of cash flows used to determine the discount rate assumed that plan members contributions will be made at the current contribution rate and that contributions from school districts will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension plan liability.

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

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

The following presents the District's proportionate share of the net pension liability, calculated using a discount rate of 6.80% (6.80% for the Pension Plus Plan and 6% for the Pension Plus 2 Plan), as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher:

Current Single Discount		
1% Decrease	Rate Assumption	1% Increase
\$149,251,267	\$ 114,803,018	\$ 86,244,232

(Continued)

FRASER PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS, CONTINUED
For The Year Ended June 30, 2020

XI. PENSION PLAN AND POSTRETIREE BENEFITS (Continued)

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

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

	Other Postemployment Benefit		
	1% Decrease	Discount Rate	1% Increase
District's proportionate share of the net other postemployment benefit liability	\$ 30,383,660	\$ 24,769,620	\$ 20,055,384

Sensitivity to the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the District's proportionate share of the net other postemployment benefit liability calculated using assumed trend rates, as well as what the District's proportionate share of the net other postemployment benefit liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	Other Postemployment Benefit		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
District's proportionate share of the net other postemployment benefit liability	\$ 19,855,521	\$ 24,769,620	\$ 30,382,994

Pension and OPEB Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System 2019 Comprehensive Annual Financial Report.

Payable to the Pension and OPEB Plan

At year end the School District is current on all required pension and OPEB plan payments. Amounts accrued at year end for accounting purposes are separately stated in the financial statements as a liability titled accrued retirement. These amounts represent current payments for June paid in July, accruals for summer pay primarily for teachers and the contributions due funded from state revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate.

(Continued)

FRASER PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS, CONTINUED
For The Year Ended June 30, 2020

XII. TAX ABATEMENTS

The District receives reduced property tax revenues as a result of Industrial Facilities Tax Exemptions, Brownfield Redevelopment Agreements, and Payments in Lieu of Taxes (PILOT) granted by cities, villages, and townships. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities; Brownfield Redevelopment Agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties; PILOT programs apply to multiple unit housing for citizens of low income and the elderly. The property taxes abated for all funds by municipality under these programs are as follows:

Municipality	Taxes Abated
City of Fraser	\$ 139,184
City of Roseville	-
Clinton Township	<u>33,090</u>
	<u><u>\$ 172,274</u></u>

The taxes abated for the general fund operating millage is considered by the State of Michigan when determining the District's Section 22 funding of the State School Aid Act.

There are no significant abatements made by the District.

XIII. COMMITMENTS

The District has entered into a number of contracts related to the ongoing building and site improvements. At June 30, 2020, the District had contract commitments totaling \$866,980.

XIV. NEW ACCOUNTING STANDARD

For the year ended June 30, 2020, the District implemented the following new pronouncement GASB Statement No. 84, Fiduciary Activities.

Summary:

Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, was issued by the GASB in January 2017 and is effective for the District's 2020 year end. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities for all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activities and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The District does not meet the criteria required to report student/school activities as a fiduciary fund, but has created a Special Revenue Fund to account for these activities.

(Continued)

FRASER PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS, CONTINUED
For The Year Ended June 30, 2020

XIV. NEW ACCOUNTING STANDARD (Continued)

The restatement of the beginning of the year fund balances and net position is as follows:

	Fund Balances	
	Student/School Activity Fund	Total Governmental Funds
Fund balances as of July 1, 2019, as previously stated	\$ -	\$ 19,685,527
Adoption of GASB Statement 84	605,634	605,634
Fund balance as of July 1, 2019, as restated	<u>\$ 605,634</u>	<u>\$ 20,291,161</u>

	Net Position
	Governmental Activities
Net position as of July 1, 2019, as previously stated	\$ (103,165,821)
Adoption of GASB Statement 84	605,634
Net position as of July 1, 2019, as restated	<u>\$ (102,560,187)</u>

XV. SUBSEQUENT EVENT

As a result of the COVID-19 Pandemic, the financial position for Michigan School Districts has seen an unanticipated change. The full effects of the pandemic and the financial impact on the economy is unknown. To reduce the spread of the COVID-19 virus, School Districts in Michigan were shut in March of 2020 and remained closed for face to face instruction for the remainder of the school year. As a result of the economic shutdown, the State of Michigan experienced a revenue shortfall. This shortfall resulted in a reduction of \$175 per pupil in the August 2020 state aid payment. This reduction of \$846,526 was reflected in the actual revenues but was not reflected in the amended budget for the year ended June 30, 2020.

Subsequently, several new revenue sources were approved, including Public Act 123 of 2020 which provides the District approximately \$12.32 per pupil and Public Act 146 of 2020 which provides approximately \$350 per pupil. The new revenue streams which were approved after June 30, 2020 will be recognized in the fiscal year ended June 30, 2021 as required by governmental accounting standards.

In addition, the State of Michigan has passed legislation subsequent to year end referred to as Return to Learn Legislation. The new laws provide flexibilities in the instructional days and hours requirements in order to support Districts providing student instruction during a pandemic. At this time, it is not possible to estimate the potential impact to the District or to determine if any changes in fair value are other than temporary in nature. Accordingly, no adjustments were made to the financial statements as a result of these events.

BUSS & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CLINTON TOWNSHIP, MICHIGAN

REQUIRED SUPPLEMENTAL INFORMATION

FRASER PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For The Year Ended June 30, 2020

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
				FAVORABLE (UNFAVORABLE)
REVENUES:				
Local sources	\$ 7,299,646	\$ 6,868,493	\$ 6,883,152	\$ 14,659
State sources	44,714,838	44,313,057	43,444,634	(868,423)
Federal sources	1,868,007	1,760,677	1,835,884	75,207
Incoming transfers and other transactions	<u>1,850,969</u>	<u>1,852,121</u>	<u>1,852,703</u>	<u>582</u>
Total Revenues	\$ 55,733,460	\$ 54,794,348	\$ 54,016,373	\$ (777,975)
EXPENDITURES:				
Instruction:				
Basic programs	\$ 26,142,345	\$ 25,840,934	\$ 25,748,794	\$ 92,140
Added needs	7,604,480	7,419,336	7,381,951	37,385
Total Instruction	<u>\$ 33,746,825</u>	<u>\$ 33,260,270</u>	<u>\$ 33,130,745</u>	<u>\$ 129,525</u>
Supporting Services:				
Pupil	\$ 5,202,804	\$ 5,171,589	\$ 5,164,880	\$ 6,709
Instructional staff	2,215,721	2,344,956	2,316,535	28,421
General Administration	911,749	891,216	873,521	17,695
School Administration	3,364,939	3,319,278	3,303,247	16,031
Business	798,753	788,040	774,215	13,825
Operations and maintenance	5,239,900	5,115,724	5,114,554	1,170
Pupil transportation	1,891,637	1,753,734	1,749,823	3,911
Central services	1,461,264	1,388,457	1,379,224	9,233
Athletic activities	862,039	845,773	838,928	6,845
Total Supporting Services	<u>\$ 21,948,806</u>	<u>\$ 21,818,767</u>	<u>\$ 21,514,927</u>	<u>\$ 103,840</u>
Community Services	\$ 982,682	\$ 1,024,050	\$ 1,009,346	\$ 14,704
Total Expenditures	\$ 56,678,313	\$ 55,903,087	\$ 55,655,018	\$ 248,069
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (944,853)	\$ (1,108,739)	\$ (1,638,645)	\$ (529,906)
OTHER FINANCING SOURCES (USES):				
Incoming transfers and other transactions	\$ 156,000	\$ 330,431	\$ 330,431	\$ -
Outgoing transfers and other transactions	(522,689)	(377,452)	(367,320)	10,132
Total Other Financing Sources (Uses)	<u>\$ (366,689)</u>	<u>\$ (47,021)</u>	<u>\$ (36,889)</u>	<u>\$ 10,132</u>
NET CHANGES IN FUND BALANCE	\$ (1,311,542)	\$ (1,155,760)	\$ (1,675,534)	\$ (519,774)
FUND BALANCE - JULY 1			6,477,734	
FUND BALANCE - JUNE 30			<u>\$ 4,802,200</u>	

See accompanying notes to financial statements.

BUSS & COMPANY, P.C.
 CERTIFIED PUBLIC ACCOUNTANTS
 CLETON TOWNSHIP, MICHIGAN

FRASER PUBLIC SCHOOLS
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN
Last 10 Fiscal Years (Determined as of 9/30 of Each Fiscal Year)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of net pension liability (%)	0.34666%	0.34969%	0.35053%	0.34716%	0.34869%	0.35668%
District's proportionate share of net pension liability	\$ 114,803,018	\$ 105,124,774	\$ 90,836,219	\$ 86,613,759	\$ 85,157,990	\$ 78,563,869
District's covered-employee payroll	\$ 30,102,870	\$ 29,583,285	\$ 29,431,410	\$ 29,207,842	\$ 28,999,688	\$ 30,314,228
District's proportionate share of net pension liability as a percentage of its covered-employee payroll (%)	381.37%	355.35%	308.64%	296.54%	293.65%	259.17%
Plan fiduciary net position as a percentage of total pension liability	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District presents information for those years for which information is available.

See accompanying notes to financial statements.

BUSS & COMPANY, P.C.
 CERTIFIED PUBLIC ACCOUNTANTS
 CLINTON TOWNSHIP, MICHIGAN

FRASER PUBLIC SCHOOLS
SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN
Last 10 District's Fiscal Years (Determined as of 6/30 of Each Year)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contributions	\$ 9,846,160	\$ 9,245,367	\$ 8,918,999	\$ 8,110,462	\$ 8,057,505	\$ 7,624,723
Contributions in relation to statutorily required contributions	<u>9,846,160</u>	<u>9,245,367</u>	<u>8,918,999</u>	<u>8,110,462</u>	<u>8,057,505</u>	<u>7,624,723</u>
Contribution deficiency (excess)	<u>\$ -</u>					
District's covered-employee payroll	\$ 30,364,360	\$ 29,982,554	\$ 29,605,023	\$ 29,422,806	\$ 29,121,805	\$ 29,422,349
Contributions as a percentage of covered-employee payroll	32.43%	30.84%	30.13%	27.57%	27.67%	25.91%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District presents information for those years for which information is available.

See accompanying notes to financial statements.

BUSS & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CUNION TOWNSHIP, MICHIGAN

FRASER PUBLIC SCHOOLS
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN
Last 10 Fiscal Years (Determined as of 9/30)

	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of net other postemployment benefits liability (%)	0.34509%	0.34791%	0.34964%
District's proportionate share of net other post employment benefit liability	\$ 24,769,620	\$ 27,654,953	\$ 30,962,346
District's covered-employee payroll	\$ 30,102,870	\$ 29,583,285	\$ 29,431,410
District's proportionate share of net other postemployment benefits liability as a percentage of its covered-employee payroll	82.28%	93.48%	105.20%
Plan fiduciary net position as a percentage of total other postemployment benefits liability	48.46%	42.95%	36.39%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District presents information for those years for which information is available.

See accompanying notes to financial statements.

BUSS & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CULVER TOWNSHIP, MICHIGAN

FRASER PUBLIC SCHOOLS
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN
Last 10 Fiscal Years (Determined as of 6/30)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required other postemployment benefits contributions	\$ 1,994,683	\$ 2,274,328	\$ 2,142,484
Other postemployment benefits contributions in relation to statutorily required contributions	<u>1,994,683</u>	<u>2,274,328</u>	<u>2,142,484</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll (OPEB)	\$ 30,364,360	\$ 29,982,554	\$ 29,604,023
Other postemployment benefit contributions as a percentage of covered-employee payroll	6.57%	7.59%	7.24%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District presents information for those years for which information is available.

See accompanying notes to financial statements.

FRASER PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
For The Year Ended June 30, 2020

PENSION INFORMATION:

Benefit Changes – There were no changes of benefit terms in 2019

Changes of Assumptions – The assumption changes for 2019 were:

Discount rate for MIP and Basic plans decreased to 6.80% from 7.05%.

Discount rate for Pension Plus decreased to 6.80% from 7.00%.

OPEB INFORMATION:

Benefit Changes – there were no changes of benefit terms in 2019.

Changes of Assumptions – the assumption changes for 2019 were:

Discount rate decreased to 6.95% from 7.15%.

Healthcare cost trend rate increased to 7.50% Year 1 graded to 3.50% Year 12 from 7.50% Year 1 graded to 3.00% Year 12.

BUSS & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CLINTON TOWNSHIP, MICHIGAN

OTHER SUPPLEMENTAL INFORMATION

**FRASER PUBLIC SCHOOLS
 GENERAL FUND
 BALANCE SHEET
 June 30, 2020**

ASSETS

ASSETS:

Cash and cash equivalents	\$ 3,654,598
Investments	679,746
Accounts receivable	149,214
Taxes receivable	19,851
Prepaid expenditures	79,983
Due from other funds	217,858
Due from other governmental units	<u>7,741,341</u>
Total Assets	<u>\$ 12,542,591</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE

LIABILITIES:

Accounts payable	\$ 1,144,181
Payroll deductions and withholdings	1,744,219
Salaries payable	3,467,983
Accrued expenses	16,999
Unearned revenue	<u>1,347,158</u>
Total Liabilities	<u>\$ 7,720,540</u>

DEFERRED INFLOWS OF RESOURCES:

Unavailable revenue	<u>\$ 19,851</u>
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FUND BALANCE:

Non-spendable:	
Prepaid expenditures	\$ 79,983
Committed - Technology	384,431
Assigned to subsequent year budget	2,195,026
Unassigned	<u>2,142,760</u>
Total Fund Balance	<u>\$ 4,802,200</u>

Total Liabilities, Deferred Infloows of Resources and Fund Balance

\$ 12,542,591

See accompanying notes to financial statements.

**FRASER PUBLIC SCHOOLS
 GENERAL FUND**
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For The Year Ended June 30, 2020

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:			
Local sources:			
Property taxes	\$ 5,283,238	\$ 5,281,629	\$ (1,609)
Interest and penalties on taxes	20,793	22,638	1,845
Interest on investments	69,000	67,334	(1,666)
Admissions	32,946	32,946	-
Dues and fees	69,797	69,797	-
Community services	797,897	799,882	1,985
Other local revenue	594,822	608,926	14,104
Total Local Sources	<u>\$ 6,868,493</u>	<u>\$ 6,883,152</u>	<u>\$ 14,659</u>
State Sources:			
State school aid	\$ 44,313,057	\$ 43,444,634	\$ (868,423)
Federal Sources:			
Title I	\$ 518,039	\$ 514,123	\$ (3,916)
Special Education	991,711	988,741	(2,970)
Other	250,927	333,020	82,093
Total Federal Sources	<u>\$ 1,760,677</u>	<u>\$ 1,835,884</u>	<u>\$ 75,207</u>
Incoming transfers and other transactions:			
County Special Education Tax	\$ 811,413	\$ 811,413	\$ -
Intermediate and other source grants	1,040,708	1,041,290	582
Total Incoming Transfers and Other Transactions	<u>\$ 1,852,121</u>	<u>\$ 1,852,703</u>	<u>\$ 582</u>
Total Revenues	<u>\$ 54,794,348</u>	<u>\$ 54,016,373</u>	<u>\$ (777,975)</u>

(Continued)

**FRASER PUBLIC SCHOOLS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL, CONTINUED
For The Year Ended June 30, 2020**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES:			
Instruction:			
Basic Programs	\$ 25,840,934	\$ 25,748,794	\$ 92,140
Added Needs	7,419,336	7,381,951	37,385
Total Instruction	<u>\$ 33,260,270</u>	<u>\$ 33,130,745</u>	<u>\$ 129,525</u>
Supporting Services:			
Pupil	\$ 5,171,589	\$ 5,164,880	\$ 6,709
Instructional Staff	2,344,956	2,316,535	28,421
General Administration	891,216	873,521	17,695
School Administration	3,319,278	3,303,247	16,031
Business	788,040	774,215	13,825
Operations and Maintenance	5,115,724	5,114,554	1,170
Pupil Transportation	1,753,734	1,749,823	3,911
Central Services	1,388,457	1,379,224	9,233
Athletic Activities and Other Support Services	845,773	838,928	6,845
Total Supporting Services	<u>\$ 21,618,767</u>	<u>\$ 21,514,927</u>	<u>\$ 103,840</u>
Community Services	<u>\$ 1,024,050</u>	<u>\$ 1,009,346</u>	<u>\$ 14,704</u>
Total Expenditures	<u>\$ 55,903,087</u>	<u>\$ 55,655,018</u>	<u>\$ 248,069</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (1,108,739)</u>	<u>\$ (1,638,645)</u>	<u>\$ (529,906)</u>
OTHER FINANCING SOURCES (USES):			
Incoming transfers	\$ 156,000	\$ 156,000	\$ -
Insurance recoveries	163,586	163,586	-
Proceeds from asset disposal	10,845	10,845	-
Building improvement services	(14,859)	(14,859)	-
Other	(362,593)	(352,461)	10,132
Total Other Financing Sources (Uses)	<u>\$ (47,021)</u>	<u>\$ (36,889)</u>	<u>\$ 10,132</u>
NET CHANGES IN FUND BALANCE	<u>\$ (1,155,760)</u>	<u>\$ (1,675,534)</u>	<u>\$ (519,774)</u>
FUND BALANCE - JULY 1		<u>6,477,734</u>	
FUND BALANCE - JUNE 30		<u>\$ 4,802,200</u>	

See accompanying notes to financial statements.

**FRASER PUBLIC SCHOOLS
2017 CAPITAL PROJECTS FUND
BALANCE SHEET
June 30, 2020**

ASSETS

ASSETS:

Cash and cash equivalents	\$ 3,967,547
Interest receivable	19,858
Investments	3,235,499
Due from General Fund	612
	<hr/>
Total Assets	\$ 7,223,516

LIABILITIES AND FUND BALANCE

LIABILITIES

\$ -

FUND BALANCE:

Restricted for capital projects	<hr/> <u>7,223,516</u>
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Total Liabilities and Fund Balance

\$ 7,223,516

See accompanying notes to financial statements.

FRASER PUBLIC SCHOOLS
2017 CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For The Year Ended June 30, 2020

REVENUES:

Local sources:

Investment earnings (loss)	\$ 180,363
Other income	<u>357,497</u>

Total Revenues	\$ 537,860
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EXPENDITURES:

Building renovations	\$ 3,821,854
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Technology	748,910
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Furniture and equipment	573,464
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School buses	274,287
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Fees and other costs	<u>454,239</u>
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Total Expenditures	\$ 5,872,754
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EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (5,334,894)
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FUND BALANCE - JULY 1	<u>12,558,410</u>
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FUND BALANCE - JUNE 30	<u>\$ 7,223,516</u>
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See accompanying notes to financial statements.

FRASER PUBLIC SCHOOLS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2020

	SPECIAL REVENUE FUNDS	DEBT RETIREMENT FUNDS	TOTAL
ASSETS			
Cash and cash equivalents	\$ 985,449	\$ 206,641	\$ 1,192,090
Taxes receivable	-	31,516	31,516
Due from other governmental units	121,585	-	121,585
Due from other funds	-	500	500
Inventories	4,531	-	4,531
Total Assets	\$ 1,111,565	\$ 238,657	\$ 1,350,222
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES:			
Due to other funds	\$ 218,470	\$ 500	\$ 218,970
Unearned revenue	42,355	-	42,355
Total Liabilities	\$ 260,825	\$ 500	\$ 261,325
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue	\$ -	\$ 31,516	\$ 31,516
FUND BALANCES:			
Non-spendable:			
Prepaid expenditures and inventories	\$ 4,531	\$ -	\$ 4,531
Restricted for debt service	-	206,641	206,641
Restricted for student/school activity	547,363	-	547,363
Restricted for food service	298,846	-	298,846
Total Fund Balances	\$ 850,740	\$ 206,641	\$ 1,057,381
Total Liabilities, Deferred Infloows of Resources and Fund Balances	\$ 1,111,565	\$ 238,657	\$ 1,350,222

See accompanying notes to financial statements.

FRASER PUBLIC SCHOOLS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For The Year Ended June 30, 2020

	SPECIAL REVENUE FUNDS	DEBT RETIREMENT FUNDS	TOTAL
REVENUES:			
Local sources	\$ 2,436,635	\$ 6,143,726	\$ 8,580,361
State sources	101,840	427,338	529,178
Federal sources	<u>1,173,739</u>	<u>484,895</u>	<u>1,658,634</u>
Total Revenues	<u>\$ 3,712,214</u>	<u>\$ 7,055,959</u>	<u>\$ 10,768,173</u>
EXPENDITURES:			
Salaries and wages	\$ 702,095	\$ -	\$ 702,095
Employee benefits	404,218	-	404,218
Purchased services	211,122	-	211,122
Supplies, materials and other	1,290,993	-	1,290,993
Debt service:			
Principal	-	4,920,000	4,920,000
Interest	-	4,015,480	4,015,480
Paying agent fees and expense	-	125,786	125,786
Capital outlay and other expenditures	<u>1,207,115</u>	<u>-</u>	<u>1,207,115</u>
Total Expenditures	<u>\$ 3,815,543</u>	<u>\$ 9,061,266</u>	<u>\$ 12,876,809</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (103,329)</u>	<u>\$ (2,005,307)</u>	<u>\$ (2,108,636)</u>
OTHER FINANCING SOURCES (USES):			
Proceeds from issuance of debt	\$ -	\$ 13,099,000	\$ 13,099,000
Payment to State of Michigan - SLRF Principal	-	(9,577,625)	(9,577,625)
Payment to State of Michigan - SLRF Interest	-	(1,454,375)	(1,454,375)
Transfers to other funds	<u>(156,000)</u>	<u>-</u>	<u>(156,000)</u>
Total Other Financing Sources (Uses)	<u>\$ (156,000)</u>	<u>\$ 2,067,000</u>	<u>\$ 1,911,000</u>
NET CHANGE IN FUND BALANCES	<u>\$ (259,329)</u>	<u>\$ 61,693</u>	<u>\$ (197,636)</u>
FUND BALANCES - JULY 1, AS RESTATED	<u>1,110,069</u>	<u>144,948</u>	<u>1,255,017</u>
FUND BALANCES - JUNE 30	<u>\$ 850,740</u>	<u>\$ 206,641</u>	<u>\$ 1,057,381</u>

See accompanying notes to financial statements.

**FRASER PUBLIC SCHOOLS
 SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET**
 June 30, 2020

	<u>CAFETERIA FUND</u>	<u>STUDENT/SCHOOL ACTIVITY FUND</u>	<u>TOTAL</u>
<u>ASSETS</u>			
ASSETS:			
Cash and cash equivalents	\$ 438,086	\$ 547,363	\$ 985,449
Inventories	4,531	-	4,531
Due from other governmental units	<u>121,585</u>	<u>-</u>	<u>121,585</u>
Total Assets	<u>\$ 564,202</u>	<u>\$ 547,363</u>	<u>\$ 1,111,565</u>
<u>LIABILITIES AND FUND BALANCE</u>			
LIABILITIES:			
Due to other funds	\$ 218,470	\$ -	\$ 218,470
Unearned revenue	<u>42,355</u>	<u>-</u>	<u>42,355</u>
Total Liabilities	<u>\$ 260,825</u>	<u>\$ -</u>	<u>\$ 260,825</u>
FUND BALANCE:			
Non-spendable:			
Inventories	\$ 4,531	\$ -	\$ 4,531
Restricted	<u>298,846</u>	<u>547,363</u>	<u>846,209</u>
Total Fund Balance	<u>\$ 303,377</u>	<u>\$ 547,363</u>	<u>\$ 850,740</u>
Total Liabilities and Fund Balance	<u>\$ 564,202</u>	<u>\$ 547,363</u>	<u>\$ 1,111,565</u>

See accompanying notes to financial statements.

FRASER PUBLIC SCHOOLS
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
For The Year Ended June 30, 2020

	CAFETERIA FUND	STUDENT/SCHOOL ACTIVITY FUND	<u>TOTAL</u>
REVENUES:			
Local revenues from food service	\$ 1,327,750	\$ 1,108,885	\$ 2,436,635
State aid	101,840	-	101,840
Federal aid and commodities	<u>1,173,739</u>	<u>-</u>	<u>1,173,739</u>
Total Revenues	\$ 2,603,329	\$ 1,108,885	\$ 3,712,214
EXPENDITURES:			
Salaries and wages	\$ 702,095	\$ -	\$ 702,095
Employee benefits	404,218	-	404,218
Purchased services	211,122	-	211,122
Supplies	1,290,993	-	1,290,993
Capital outlay	23,786	-	23,786
Other expenditures	<u>16,173</u>	<u>1,167,156</u>	<u>1,183,329</u>
Total Expenditures	\$ 2,648,387	\$ 1,167,156	\$ 3,815,543
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (45,058)	\$ (58,271)	\$ (103,329)
OTHER FINANCING SOURCES (USES):			
Transfer to General Fund	(156,000)	-	(156,000)
NET CHANGE IN FUND BALANCE	\$ (201,058)	\$ (58,271)	\$ (259,329)
FUND BALANCE - JULY 1, AS RESTATED	504,435	605,634	1,110,069
FUND BALANCE - JUNE 30	<u>\$ 303,377</u>	<u>\$ 547,363</u>	<u>\$ 850,740</u>

See accompanying notes to financial statements.

FRASER PUBLIC SCHOOLS DISTRICT
DEBT RETIREMENT FUNDS
COMBINING BALANCE SHEET
June 30, 2020

	2011 QSCB DEBT RETIREMENT FUND	2015 REFUNDING DEBT RETIREMENT FUND	2017 DEBT RETIREMENT FUND	2019 REFUNDING DEBT RETIREMENT FUND	TOTAL
ASSETS					
ASSETS:					
Cash and cash equivalents	\$ 17,131	\$ 119,520	\$ 69,675	\$ 315	\$ 206,641
Taxes receivable	3,698	19,378	8,440	-	31,516
Due from other funds	-	500	-	-	500
Total Assets	\$ 20,829	\$ 139,398	\$ 78,115	\$ 315	\$ 238,657
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES:					
Due to other funds	\$ -	\$ -	\$ -	\$ 500	\$ 500
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue	3,698	19,378	8,440	-	31,516
FUND BALANCES:					
Restricted for debt retirement	17,131	120,020	69,675	(185)	206,641
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 20,829	\$ 139,398	\$ 78,115	\$ 315	\$ 238,657

See accompanying notes to financial statements.

BUSS & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CLINTON TOWNSHIP, MICHIGAN

OTHER INFORMATION

FRASER PUBLIC SCHOOLS DISTRICT
DEBT RETIREMENT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For The Year Ended June 30, 2020

	2011 QSCB DEBT RETIREMENT FUND	2015 REFUNDING DEBT RETIREMENT FUND	2017 DEBT RETIREMENT FUND	2019 REFUNDING DEBT RETIREMENT FUND	TOTAL
REVENUES:					
Property taxes	\$ 905,342	\$ 3,234,950	\$ 1,896,936	\$ -	\$ 6,037,228
Other taxes	8,206	29,306	17,194	-	54,706
State payment in lieu of taxes	64,101	228,925	134,312	-	427,338
Interest and penalties on delinquent taxes	2,016	7,200	4,224	-	13,440
Interest on investments	7,231	20,715	10,384	22	38,352
Federal interest subsidy - QSCB	<u>484,895</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>484,895</u>
Total Revenues	\$ 1,471,791	\$ 3,521,096	\$ 2,063,050	\$ 22	\$ 7,055,959
EXPENDITURES:					
Debt Service:					
Bond and note principal	\$ 1,375,000	\$ 2,545,000	\$ 1,000,000	\$ -	\$ 4,920,000
Bond and note interest	583,138	1,807,750	1,494,000	130,592	4,015,480
Paying agent fees and other expenses	<u>1,217</u>	<u>1,909</u>	<u>1,977</u>	<u>120,683</u>	<u>125,786</u>
Total Expenditures	\$ 1,959,355	\$ 4,354,659	\$ 2,495,977	\$ 251,275	\$ 9,061,266
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (487,564)	\$ (833,563)	\$ (432,927)	\$ (251,253)	\$ (2,005,307)
OTHER FINANCING SOURCES (USES):					
Proceeds from the issuance of debt	\$ 482,472	\$ 876,198	\$ 457,262	\$ 11,283,068	\$ 13,099,000
Payment to State of Michigan - SLRF Principal	-	-	-	(9,577,625)	(9,577,625)
Payment to State of Michigan - SLRF Interest	-	-	-	(1,454,375)	(1,454,375)
Total Other Financing Sources (Uses)	\$ 482,472	\$ 876,198	\$ 457,262	\$ 251,068	\$ 2,067,000
NET CHANGE IN FUND BALANCES	\$ (5,092)	\$ 42,635	\$ 24,335	\$ (185)	\$ 61,693
FUND BALANCES - JULY 1	22,223	77,385	45,340	-	144,948
FUND BALANCES - JUNE 30	\$ 17,131	\$ 120,020	\$ 69,675	\$ (185)	\$ 206,641

See accompanying notes to financial statements.

FRASER PUBLIC SCHOOLS
TAX SUMMARY
June 30, 2020

	GENERAL FUND	DEBT RETIREMENT FUND	TOTAL
AMOUNT OF TAXES LEVIED:			
City of Fraser	\$ 3,038,215	\$ 3,193,783	\$ 6,231,998
City of Roseville	633,823	524,416	1,158,239
Township of Clinton	<u>1,595,977</u>	<u>2,307,018</u>	<u>3,902,995</u>
Total Levy	\$ 5,268,015	\$ 6,025,217	\$ 11,293,232
TAX COLLECTIONS TO JUNE 30, 2020:			
City of Fraser	\$ 3,034,105	\$ 3,183,088	\$ 6,217,193
City of Roseville	632,727	522,460	1,155,187
Township of Clinton	<u>1,593,187</u>	<u>2,303,544</u>	<u>3,896,731</u>
Total Collections	\$ 5,260,019	\$ 6,009,092	\$ 11,269,111
2019 DELINQUENT TAXES - JUNE 30, 2020:			
City of Fraser	\$ 4,110	\$ 10,695	\$ 14,805
City of Roseville	1,096	1,956	3,052
Township of Clinton	<u>2,790</u>	<u>3,474</u>	<u>6,264</u>
Total 2019 Delinquent Taxes	\$ 7,996	\$ 16,125	\$ 24,121
RATE IN MILLS:			
City of Fraser and Roseville and Township of Clinton:			
Homestead	-	7.0000	7.0000
Non-Homestead	17.6283	7.0000	24.6283
	HOMESTEAD	NON-HOMESTEAD	TOTAL
TAXABLE VALUE:			
City of Fraser	\$ 285,520,674	\$ 170,735,285	\$ 456,255,959
City of Roseville	39,250,193	35,783,990	75,034,183
Township of Clinton	<u>240,728,418</u>	<u>90,595,470</u>	<u>331,323,888</u>
Total Taxable Value	\$ 565,499,285	\$ 297,114,745	\$ 862,614,030

See accompanying notes to financial statements.

FRASER PUBLIC SCHOOLS
SCHEDULE OF BOND AND NOTE INDEBTEDNESS
 June 30, 2020

Schedule No. 2
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BUILDING AND SITE BONDS - SERIES B (QSCB) DATED MAY 11, 2011
(INTEREST DUE SEMI-ANNUALLY, MAY 1 AND NOVEMBER 1)

INTEREST RATE	MATURITY DATE	PRINCIPAL	INTEREST	FEDERAL SUBSIDY	NET INTEREST
	MAY 1				
6.05%	2021	\$ 1,375,000	\$ 508,200	\$ (443,520)	\$ 64,680
6.05%	2022	1,400,000	425,012	(370,920)	54,092
6.05%	2023	1,400,000	340,312	(297,000)	43,312
6.05%	2024	1,400,000	255,612	(223,080)	32,532
6.05%	2025	1,400,000	170,912	(149,160)	21,752
6.05%	2026	1,425,000	86,212	(75,240)	10,972
		<u>\$ 8,400,000</u>	<u>\$ 1,786,260</u>	<u>\$ (1,558,920)</u>	<u>\$ 227,340</u>

See accompanying notes to financial statements.

FRASER PUBLIC SCHOOLS
SCHEDULE OF BOND AND NOTE INDEBTEDNESS
June 30, 2020

REFUNDING BONDS DATED FEBRUARY 4, 2015
(INTEREST DUE SEMI-ANNUALLY, MAY 1 AND NOVEMBER 1)

INTEREST RATE	MATURITY DATE MAY 1	PRINCIPAL	INTEREST
5.00%	2021	\$ 2,675,000	\$ 1,680,500
5.00%	2022	2,810,000	1,546,750
5.00%	2023	2,950,000	1,406,250
5.00%	2024	3,100,000	1,258,750
5.00%	2025	3,255,000	1,103,750
5.00%	2026	3,420,000	941,000
5.00%	2027	3,590,000	770,000
5.00%	2028	3,770,000	590,500
5.00%	2029	3,945,000	402,000
5.00%	2030	4,095,000	204,750
		<u>\$ 33,610,000</u>	<u>\$ 9,904,250</u>

See accompanying notes to financial statements.

FRASER PUBLIC SCHOOLS
SCHEDULE OF BOND AND NOTE INDEBTEDNESS
June 30, 2020

REFUNDING BONDS DATED JUNE 22, 2017
(INTEREST DUE SEMI-ANNUALLY, MAY 1 AND NOVEMBER 1)

INTEREST RATE	MATURITY DATE MAY 1	PRINCIPAL	INTEREST
5.00%	2021	\$ -	\$ 344,750
5.00%	2022	-	344,750
5.00%	2023	-	344,750
5.00%	2024	-	344,750
5.00%	2025	-	344,750
5.00%	2026	-	344,750
5.00%	2027	455,000	344,750
5.00%	2028	460,000	322,000
5.00%	2029	460,000	299,000
5.00%	2030	460,000	276,000
5.00%	2031	460,000	253,000
5.00%	2032	460,000	230,000
5.00%	2033	460,000	207,000
5.00%	2034	460,000	184,000
5.00%	2035	460,000	161,000
5.00%	2036	460,000	138,000
5.00%	2037	460,000	115,000
5.00%	2038	460,000	92,000
5.00%	2039	460,000	69,000
5.00%	2040	460,000	46,000
5.00%	2041	460,000	23,000
		<u>\$ 6,895,000</u>	<u>\$ 4,828,250</u>

See accompanying notes to financial statements.

FRASER PUBLIC SCHOOLS
SCHEDULE OF BOND AND NOTE INDEBTEDNESS
 June 30, 2020

Schedule No. 2
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BUILDING AND SITE BONDS - DATED JUNE 22, 2017
(INTEREST DUE SEMI-ANNUALLY, MAY 1 AND NOVEMBER 1)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
	<u>MAY 1</u>		
2.00%	2021	\$ 1,025,000	\$ 1,109,250
5.00%	2022	1,050,000	1,088,750
5.00%	2023	1,075,000	1,036,250
5.00%	2024	1,075,000	982,500
5.00%	2025	550,000	928,750
5.00%	2026	550,000	901,250
5.00%	2027	575,000	873,750
5.00%	2028	600,000	845,000
5.00%	2029	625,000	815,000
5.00%	2030	650,000	783,750
5.00%	2031	675,000	751,250
5.00%	2032	700,000	717,500
5.00%	2033	725,000	682,500
5.00%	2034	750,000	646,250
5.00%	2035	775,000	608,750
5.00%	2036	800,000	570,000
5.00%	2037	825,000	530,000
5.00%	2038	850,000	488,750
5.00%	2039	875,000	446,250
5.00%	2040	900,000	402,500
5.00%	2041	950,000	357,500
5.00%	2042	975,000	310,000
5.00%	2043	1,000,000	261,250
5.00%	2044	1,025,000	211,250
5.00%	2045	1,050,000	160,000
5.00%	2046	1,075,000	107,500
5.00%	2047	1,075,000	53,750
		<u>\$ 22,800,000</u>	<u>\$ 16,669,250</u>

See accompanying notes to financial statements.

FRASER PUBLIC SCHOOLS
SCHEDULE OF BOND AND NOTE INDEBTEDNESS
June 30, 2020

REFUNDING BONDS DATED OCTOBER 30, 2019
(INTEREST DUE SEMI-ANNUALLY, MAY 1 AND NOVEMBER 1)

INTEREST RATE	MATURITY DATE MAY 1	PRINCIPAL		INTEREST
		\$	-	
2.328%	2021	\$	-	\$ 259,742
2.328%	2022		-	259,742
2.238%	2023		-	259,742
2.328%	2024		-	259,742
2.088%	2025	1,080,000		259,742
2.188%	2026	1,175,000		237,192
2.280%	2027	2,100,000		211,483
2.330%	2028	2,175,000		163,603
2.380%	2029	2,250,000		112,925
2.500%	2030	2,375,000		59,375
		<u>\$ 11,155,000</u>		<u>\$ 2,083,288</u>

See accompanying notes to financial statements.