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# Novi Community School District

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**Financial Report  
with Supplemental Information  
June 30, 2020**

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## **Independent Auditor's Report**

To the Board of Education  
Novi Community School District

### **Report on the Financial Statements**

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

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

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

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

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

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

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

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major funds, and the aggregate remaining fund information of Novi Community School District as of June 30, 2020 and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

As described in Note 2 to the financial statements, as of July 1, 2019, the School District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

To the Board of Education  
Novi Community School District

**Required Supplemental Information**

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

**Other Information**

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2020 on our consideration of Novi Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Novi Community School District's internal control over financial reporting and compliance.



October 19, 2020

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

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

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand Novi Community School District financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term and what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds: the General Fund, the Debt Service Fund, and the 2020 Capital Projects Fund. All other funds are presented in one column as nonmajor funds. This report is composed of the following elements:

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

#### **Basic Financial Statements**

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

#### **Required Supplemental Information**

Budgetary Information for Major Fund

Schedule of Proportionate Share of the Net Pension Liability

Schedule of Pension Contributions

Schedule of Proportionate Share of the Net OPEB Liability

Schedule of OPEB Contributions

#### **Other Supplemental Information**

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

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

## **Novi Community School District**

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

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These two statements report the School District's net position - the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, as reported in the statement of net position - as one way to measure the School District's financial health or financial position. Over time, increases or decreases in the School District's net position, as reported in the statement of activities, are indicators of whether its financial health is improving or deteriorating. The relationship between revenue and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District. The statement of net position and the statement of activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, community services, athletics, debt service, capital projects, and food services. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities.

#### ***Reporting the School District's Fund Financial Statements***

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

#### **Governmental Funds**

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

# Novi Community School District

## Management's Discussion and Analysis (Continued)

### The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. The following table provides a summary of the School District's net position as of June 30, 2020 and 2019:

	Governmental Activities	
	2020	2019
	(in millions)	
<b>Assets</b>		
Current and other assets	\$ 105.8	\$ 32.8
Capital assets	162.2	164.5
Total assets	268.0	197.3
<b>Deferred Outflows of Resources</b>	52.6	50.6
<b>Liabilities</b>		
Current liabilities	12.4	13.0
Noncurrent liabilities	159.9	98.0
Net pension liability	153.4	138.6
Net OPEB liability	33.4	36.6
Total liabilities	359.1	286.2
<b>Deferred Inflows of Resources</b>	24.5	25.2
<b>Net Position</b>		
Net investment in capital assets	77.5	70.8
Restricted	4.5	2.2
Unrestricted	(145.0)	(136.5)
Total net position	<u>\$ (63.0)</u>	<u>\$ (63.5)</u>

The above analysis focuses on net position. The change in net position of the School District's governmental activities is discussed below. The School District's net position was \$(63.0) million at June 30, 2020. Net investment in capital assets totaling \$77.5 million compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use that net position for day-to-day operations. The remaining amount of net position (\$(145.0) million) was unrestricted.

The \$(145.0) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year. The net deficit position is largely due to the requirement to record the pension and OPEB liabilities on the government-wide set of financial statements.

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 School District to evaluate activities to determine if they were fiduciary in nature. The standard also changed the reporting and presentation requirements of fiduciary activities. The effect of the adoption on the governmental activities was to increase July 1, 2019 beginning net position by \$1,183,059, which represents the activities that previously were 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 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 No. 95.

# Novi Community School District

## Management's Discussion and Analysis (Continued)

The results of this year's operations for the School District as a whole are reported in the condensed statement of activities below, which shows the changes in net position for the years ended June 30, 2020 and 2019:

	Governmental Activities	
	2020	2019
	(in millions)	
<b>Revenue</b>		
Program revenue:		
Charges for services	\$ 4.5	\$ 5.8
Operating grants	16.4	15.1
General revenue:		
Taxes	41.6	38.9
State aid not restricted to specific purposes	36.9	38.7
Other	3.8	1.5
Total revenue	103.2	100.0
<b>Expenses</b>		
Instruction	58.6	53.1
Support services	31.1	30.2
Athletics	0.8	0.8
Food services	2.1	2.0
Community services	2.4	2.5
Debt service	3.2	3.3
Depreciation expense (unallocated)	5.7	5.8
Total expenses	103.9	97.7
<b>Change in Net Position</b>	(0.7)	2.3
<b>Net Position</b> - Beginning of year (as restated)	(62.3)	(65.8)
<b>Net Position</b> - End of year	<u>\$ (63.0)</u>	<u>\$ (63.5)</u>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$103.9 million. Certain activities were partially funded from those who benefited from the programs (\$4.5 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$16.4 million). We paid for the remaining public benefit portion of our governmental activities with \$41.6 million in taxes, \$36.9 million in state foundation allowance, and our other revenue (i.e., interest and general entitlements).

The School District experienced an decrease in net position of \$0.7 million as a result of ongoing operations.

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

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

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

As the School District completed this year, the governmental funds reported a combined fund balance of \$94.1 million, which is an increase of \$72.4 million from last year. The primary reasons for the increase are as follows:

In the General Fund, our principal operating fund, the fund balance decreased \$1.4 million to \$11.1 million. The General Fund fund balance is available to fund costs related to allowable school operating purposes.



# Novi Community School District

## Management's Discussion and Analysis (Continued)

The 2020 Capital Projects Fund was established during the year; the net change in fund balance was an increase of \$73.6 million resulting mainly from the sale of the related bonds during the year.

In the 2017 Capital Projects Fund, the fund balance decreased by \$2.0 million, as the School District continued to spend the proceeds from the voter-approved bonds.

Our special revenue funds increased from the prior year, showing a net increase of approximately \$498,000. The Food Service Fund had an approximate \$122,000 increase in fund balance, while the Recreation Fund had an approximate \$224,000 increase in fund balance.

The Debt Service Fund showed a fund balance increase of approximately \$870,000. Millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service. The Debt Service Fund fund balance is restricted since it can be used only to pay debt service obligations.

The Sinking Fund fund balance increased by approximately \$892,000. The School District collected \$1,145,000 in voter-approved sinking fund millage. This millage is available to fund specific capital projects and repairs allowed by state law and approved by the voters.

With the adoption of GASB 84, the School District created the Student Activities Fund, a special revenue fund to account for activities previously reported as fiduciary funds. The effect of the adoption was to establish a July 1, 2019 beginning fund balance of \$1.1 million. Fund balance increased for the year ended June 30, 2020 by approximately \$151,000.

### **General Fund Budgetary Highlights**

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

COVID-19 had a negative impact on the School District's revenue; therefore, total operating revenue received declined by \$180,403 when compared to the final budget. However, local revenue increased compared to the amended budget by \$949,705, largely due to an increase of \$346,513 in property tax collections, \$214,521 in delinquent taxes, and a \$264,304 increase in Medicaid fee for service. State revenue declined from final budget to actual by \$1,012,619, primarily due to the \$175 per pupil foundation allowance proration that occurred at the end of fiscal year 2020.

Overall expenses decreased from final budget to actual by \$1,451,413. In anticipation of a reduction in state aid, budgeted expenses were reduced by \$260,240 in software licenses; \$100,000 in conferences and workshops; \$223,300 in teaching supplies; \$191,195 in tuition payments; custodial, maintenance, and grounds supplies of \$234,404; internet fees of \$38,824; and \$379,212 savings from natural gas expense.

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

#### **Capital Assets**

As of June 30, 2020, the School District had \$162.2 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This amount represents a net decrease (including additions, disposals, and depreciation) of approximately \$2,379,000 from last year.

# Novi Community School District

## Management's Discussion and Analysis (Continued)

	2020	2019
Land	\$ 9,607,341	\$ 9,607,341
Construction in progress	273,317	1,344,043
Buildings and improvements	208,895,137	206,112,125
Furniture and equipment	7,990,140	7,627,942
Buses and other vehicles	4,078,539	3,685,003
Site improvements	21,394,528	20,586,862
Total capital assets	252,239,002	248,963,316
Less accumulated depreciation	90,088,268	84,433,718
Total capital assets - Net of accumulated depreciation	\$ 162,150,734	\$ 164,529,598

This year's additions of \$3.3 included vehicles, equipment, technology, building renovations, site improvements, building additions, and buses.

### **Debt**

At the end of this year, the School District had \$134.9 million in bonds outstanding versus \$87.5 million in the previous year, an increase of 54.2 percent.

The School District's general obligation bond rating is Aa2 (Moody's) and AA- (Standard & Poor's). The School District's rating did not fall. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues qualified debt (i.e., debt backed by the State of Michigan), such obligations are not subject to this debt limit. The School District's outstanding unqualified general obligation debt of \$112.1 million is significantly below this \$471.3 million statutorily imposed limit. Other obligations include accrued compensated absences. We present more detailed information about our long-term liabilities in the notes to the financial statements.

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

Our elected officials and administration consider many factors when setting the School District's 2020- 2021 fiscal year budget.

As a result of COVID-19, the School District initially budgeted for fiscal year 2020-2021 assuming a \$700 per pupil reduction in state aid, based on estimates that were provided as a result of the May Revenue Estimating Conference. The State of Michigan did not have a budget in place for fiscal year 2020-2021 at the time that the School District had to adopt its original budget for fiscal year 2020-2021, which was in June 2020. Subsequently, the State adopted a budget that kept the foundation allowance for fiscal year 2020-2021 at 2019-2020 levels, and the proration that the School District received in fiscal year 2019-2020 of \$175 per student did not carry over to fiscal year 2020-2021. In addition, the School District will receive a one-time \$65 per pupil increase for fiscal year 2020-2021. Additionally, for 2020-2021, the State has modified the pupil count formula to be based on 75 percent of the prior year counts and 25 percent of the current year counts. The School District continues to monitor the impact that COVID-19 is having on the operations and finances of the School District and plans to amend the budget during 2020-2021 to address these changes.

The School District started the 2020-2021 school year with a hybrid and virtual teaching model. The School District also received approximately \$2.4 million in Coronavirus Relief Funds (CRF) accounted for in 2020-2021 to be applied to operating expenses in 2019-2020 and 2020-2021. We have until December 31, 2020 to claim and use the funds. The School District also entered into an interlocal agreement with Oakland County, Michigan to receive \$708,575 in county CARES Act funds to be claimed and used by November 30, 2020.

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

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

# Novi Community School District

## Statement of Net Position

June 30, 2020

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and investments (Note 4)	\$ 13,033,188
Receivables:	
Property taxes receivable	18,966
Other receivables	107,942
Due from other governments	8,115,450
Inventory	89,104
Prepaid expenses and other assets	1,394,360
Restricted assets	83,116,783
Capital assets - Net (Note 7)	<u>162,150,734</u>
Total assets	268,026,527
<b>Deferred Outflows of Resources</b>	
Deferred charges on bond refunding (Note 9)	201,513
Deferred pension costs (Note 11)	42,316,125
Deferred OPEB costs (Note 11)	<u>10,111,495</u>
Total deferred outflows of resources	52,629,133
<b>Liabilities</b>	
Accounts payable	1,997,518
Due to other governmental units	1,406,666
Accrued liabilities:	
Accrued salaries and wages	7,754,822
Payroll taxes and withholdings	62,103
Accrued interest payable	685,142
Unearned revenue (Note 6)	593,756
Noncurrent liabilities:	
Due within one year (Note 9)	12,544,076
Due in more than one year (Note 9)	147,383,741
Net pension liability (Note 11)	153,395,001
Net OPEB liability (Note 11)	<u>33,358,047</u>
Total liabilities	359,180,872
<b>Deferred Inflows of Resources</b>	
Deferred benefit on bond refunding (Note 9)	421,875
Revenue in support of pension contributions made subsequent to the measurement date (Note 11)	5,156,378
Deferred pension cost reductions (Note 11)	6,007,656
Deferred OPEB cost reductions (Note 11)	<u>12,871,746</u>
Total deferred inflows of resources	<u>24,457,655</u>
<b>Net Position</b>	
Net investment in capital assets	77,498,582
Restricted:	
Capital projects	3,147,798
Debt service	1,345,168
Unrestricted	<u>(144,974,415)</u>
Total net position	<u><b>\$ (62,982,867)</b></u>

# Novi Community School District

## Statement of Activities

Year Ended June 30, 2020

Functions/Programs	Program Revenue			Governmental
	Expenses	Charges for Services	Operating Grants and Contributions	Activities
				Net (Expense) Revenue and Changes in Net Position
Primary government - Governmental activities:				
Instruction	\$ 58,638,125	\$ 306,133	\$ 15,567,766	\$ (42,764,226)
Support services	31,164,560	-	-	(31,164,560)
Athletics	775,009	272,571	-	(502,438)
Food services	2,065,671	1,249,561	858,870	42,760
Community services	2,369,964	2,695,658	-	325,694
Interest	2,897,867	-	-	(2,897,867)
Other debt costs	293,185	-	-	(293,185)
Depreciation expense (unallocated)	5,654,550	-	-	(5,654,550)
Total primary government	<b>\$ 103,858,931</b>	<b>\$ 4,523,923</b>	<b>\$ 16,426,636</b>	(82,908,372)
General revenue:				
Taxes:				
Property taxes levied for general purposes				21,282,650
Property taxes levied for debt service				16,936,106
Property taxes levied for capital projects				1,144,506
Property taxes levied for recreation				2,271,605
State aid not restricted to specific purposes				36,910,919
Interest and investment earnings				528,752
Gain on sale of capital assets				904
Other				
Student activities				1,617,476
Miscellaneous				1,532,787
Total general revenue				<u>82,225,705</u>
<b>Change in Net Position</b>				(682,667)
<b>Net Position</b> - Beginning of year (as restated) (Note 2)				<u>(62,300,200)</u>
<b>Net Position</b> - End of year				<b><u>\$ (62,982,867)</u></b>

# Novi Community School District

## Governmental Funds Balance Sheet

June 30, 2020

	General Fund	2020 Capital Projects Fund	Debt Service Fund	Nonmajor Funds	Total Governmental Funds
<b>Assets</b>					
Cash and investments (Note 4)	\$ 11,793,052	\$ -	\$ -	\$ 1,240,136	\$ 13,033,188
Receivables:					
Property taxes receivable	12,836	-	5,100	1,030	18,966
Other receivables	107,942	-	-	-	107,942
Due from other governments	8,115,450	-	-	-	8,115,450
Due from other funds (Note 8)	4,945	-	-	-	4,945
Inventory	-	-	-	89,104	89,104
Prepaid expenses and other assets	1,219,360	-	-	175,000	1,394,360
Restricted assets	-	74,832,539	2,030,155	6,254,089	83,116,783
<b>Total assets</b>	<b>\$ 21,253,585</b>	<b>\$ 74,832,539</b>	<b>\$ 2,035,255</b>	<b>\$ 7,759,359</b>	<b>\$ 105,880,738</b>
<b>Liabilities</b>					
Accounts payable	\$ 512,272	\$ 1,267,174	\$ -	\$ 218,072	\$ 1,997,518
Due to other governmental units	1,406,660	-	-	6	1,406,666
Due to other funds (Note 8)	-	-	4,945	-	4,945
Accrued liabilities	7,816,925	-	-	-	7,816,925
Unearned revenue (Note 6)	420,046	-	-	173,710	593,756
<b>Total liabilities</b>	<b>10,155,903</b>	<b>1,267,174</b>	<b>4,945</b>	<b>391,788</b>	<b>11,819,810</b>
<b>Fund Balances</b>					
Nonspendable:					
Inventory	-	-	-	89,104	89,104
Prepays	1,219,360	-	-	175,000	1,394,360
Restricted:					
Debt service	-	-	2,030,310	-	2,030,310
Capital projects	-	73,565,365	-	4,536,765	78,102,130
Food service	-	-	-	333,980	333,980
Recreation	-	-	-	1,014,881	1,014,881
Committed - Student activities	-	-	-	1,217,841	1,217,841
Assigned - Budgeted use of fund balance in subsequent year	2,041,916	-	-	-	2,041,916
Unassigned	7,836,406	-	-	-	7,836,406
<b>Total fund balances</b>	<b>11,097,682</b>	<b>73,565,365</b>	<b>2,030,310</b>	<b>7,367,571</b>	<b>94,060,928</b>
<b>Total liabilities and fund balances</b>	<b>\$ 21,253,585</b>	<b>\$ 74,832,539</b>	<b>\$ 2,035,255</b>	<b>\$ 7,759,359</b>	<b>\$ 105,880,738</b>

# Novi Community School District

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

June 30, 2020

<b>Fund Balances Reported in Governmental Funds</b>	\$ 94,060,928
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds:	
Cost of capital assets	252,239,002
Accumulated depreciation	<u>(90,088,268)</u>
Net capital assets used in governmental activities	162,150,734
Deferred inflows and outflows related to bond refundings are not reported in the funds	(220,362)
Bonds payable and related unamortized premiums on issuance are not due and payable in the current period and are not reported in the funds	(159,386,122)
Accrued interest is not due and payable in the current period and is not reported in the funds	(685,142)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(503,749)
Provision for dental and vision claims	(37,946)
Net pension liability and related deferred inflows and outflows	(117,086,532)
Net OPEB liability and related deferred inflows and outflows	(36,118,298)
Revenue in support of pension contributions made subsequent to the measurement date is reported as a deferred inflow of resources in the statement of net position and is not reported in the funds	<u>(5,156,378)</u>
<b>Net Position of Governmental Activities</b>	<b><u>\$ (62,982,867)</u></b>

# Novi Community School District

## Governmental Funds

### Statement of Revenue, Expenditures, and Changes in Fund Balances

**Year Ended June 30, 2020**

	General Fund	2020 Capital Projects Fund	Debt Service Fund	Nonmajor Funds	Total Governmental Funds
<b>Revenue</b>					
Local sources	\$ 25,997,671	\$ 425,391	\$ 16,968,871	\$ 6,445,872	\$ 49,837,805
State sources	47,273,279	-	-	104,536	47,377,815
Federal sources	1,358,872	-	-	754,334	2,113,206
Interdistrict sources	3,896,049	-	-	-	3,896,049
Total revenue	78,525,871	425,391	16,968,871	7,304,742	103,224,875
<b>Expenditures</b>					
Current:					
Instruction	52,447,697	-	-	-	52,447,697
Support services	25,142,272	18,076	2,452	2,951,695	28,114,495
Athletics	737,884	-	-	-	737,884
Food services	-	-	-	2,043,702	2,043,702
Community services	1,674,045	-	-	472,346	2,146,391
Debt service:					
Principal	-	-	11,980,000	-	11,980,000
Interest	-	-	4,116,950	-	4,116,950
Other debt costs	-	293,185	-	-	293,185
Capital outlay	79,758	1,716,476	-	2,322,271	4,118,505
Total expenditures	80,081,656	2,027,737	16,099,402	7,790,014	105,998,809
<b>Excess of Revenue (Under) Over Expenditures</b>	(1,555,785)	(1,602,346)	869,469	(485,272)	(2,773,934)
<b>Other Financing Sources (Uses)</b>					
Face value of debt issued	-	59,410,000	-	-	59,410,000
Proceeds from sale of capital assets	904	-	-	-	904
Premium on debt issued	-	15,757,711	-	-	15,757,711
Transfers in (Note 8)	175,601	-	-	-	175,601
Transfers out (Note 8)	-	-	-	(175,601)	(175,601)
Total other financing sources (uses)	176,505	75,167,711	-	(175,601)	75,168,615
<b>Net Change in Fund Balances</b>	(1,379,280)	73,565,365	869,469	(660,873)	72,394,681
<b>Fund Balances - Beginning of year (as restated) (Note 2)</b>	12,476,962	-	1,160,841	8,028,444	21,666,247
<b>Fund Balances - End of year</b>	<b>\$ 11,097,682</b>	<b>\$ 73,565,365</b>	<b>\$ 2,030,310</b>	<b>\$ 7,367,571</b>	<b>\$ 94,060,928</b>

## Novi Community School District

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

Year Ended June 30, 2020

<b>Net Change in Fund Balances Reported in Governmental Funds</b>	<b>\$ 72,394,681</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capitalized capital outlay	3,275,686
Depreciation expense	(5,654,550)
Revenue in support of pension contributions made subsequent to the measurement date	(49,515)
Issuing debt, net of premiums and discounts, provides current financial resources to governmental funds but increases long-term liabilities in the statement of net position	(75,167,711)
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt); amortization of premium and inflows/outflows related to bond refundings are not expenses in the governmental funds	13,198,067
Interest expense is recognized in the government-wide statements as it accrues	1,016
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	<u>(8,680,341)</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u><u>\$ (682,667)</u></u></b>



**June 30, 2020**

**Note 1 - Nature of Business**

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

**Note 2 - Significant Accounting Policies**

***Accounting and Reporting Principles***

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

***Reporting Entity***

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

***Report Presentation***

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

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

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

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

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

***Fund Accounting***

The School District accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the School District to show the particular expenditures for which specific revenue is used. The various funds are aggregated into the following broad fund type:

**Governmental Funds**

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

- **General Fund** - The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- **2020 Capital Projects Fund** - This fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for school building and site purposes. The fund operates until the purpose for which it was created is accomplished.
- **Debt Service Fund** - This fund is used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on long-term debt.

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

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

**Interfund Activity**

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

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

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

***Basis of Accounting***

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

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

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

Fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The School District does not have any fiduciary-type funds.

***Specific Balances and Transactions***

**Cash and Investments**

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

**Inventories and Prepaid Items**

Inventories are valued at cost on a first-in, first-out basis. Inventories accounted for using the purchase method are recorded as expenditures when purchased and include all inventories of governmental funds other than commodities within the Food Service Fund. Inventories accounted for using the consumption method are recorded as expenditures when consumed rather than when purchased and include commodities within the Food Services Fund. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements, when applicable.

**Restricted Assets**

The unspent bond proceeds and related interest of the capital projects funds require amounts to be set aside for construction. These amounts have been classified as restricted assets. The cash held in the Debt Service Fund is recorded as restricted, as the amounts are required to be used to make the applicable bond principal and interest payments as they are due. The cash held in the Food Service Fund and the Recreation Fund is recorded as restricted, as the amounts are required to be used to operate the School District's food service program and to operate a system of public recreation and playgrounds, respectively. The cash held in the Sinking Fund is recorded as restricted, as the amounts are required to be used for expenditures related to acquiring new school sites and the construction or repair of school buildings.

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

**Capital Assets**

Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The School District does not have infrastructure-type assets.

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

	<u>Depreciable Life - Years</u>
Buildings and improvements	20 to 50
Furniture and equipment	5 to 10
Buses and other vehicles	5 to 10
Site improvements	15 to 30

**Long-term Obligations**

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

**Deferred Outflows/Inflows of Resources**

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

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

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

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

**Net Position**

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

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

**Net Position Flow Assumption**

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

**Fund Balance Flow Assumptions**

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

**Fund Balance Policies**

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

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

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

Amounts that do not fall into any other category above are unassigned. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

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

**Property Tax Revenue**

Properties are assessed as of December 31, and the related property taxes become a lien on December 1 of the following year. These taxes are billed on July 1 for approximately 50 percent of the taxes and on December 1 for the remainder of the property taxes. Taxes are considered delinquent on March 1 of the following year. At this time, penalties and interest are assessed, and the total obligation is added to the county tax rolls.

**Grants and Contributions**

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

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

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

**Compensated Absences (Sick Leave)**

The liability for compensated absences reported in the government-wide financial statements consists of earned but unused sick leave benefits and termination payments. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments at normal retirement age and other employees who are expected to become eligible in the future to receive such payments upon normal retirement are included. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. Generally, the funds that report each employee's compensation are used to liquidate the obligations.

**Use of Estimates**

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

**Comparative Data**

Comparative data is not included in the School District's financial statements.

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

***Upcoming Accounting Pronouncement***

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

***Adoption of New Accounting Pronouncement***

During the current year, the School District adopted GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. As a result of implementing this standard, student activities previously were reported as fiduciary activities but no longer meet the definition; therefore, these activities are now reported within a new nonmajor governmental fund, the Student Activities Fund. In addition, other amounts raised by certain school district buildings previously were reported as fiduciary activities but no longer meet the definition; therefore, these funds have been moved to the General Fund.

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

	Governmental Activities	General Fund	Student Activities Fund
Net position/fund balance - June 30, 2019 - As previously reported	\$ (63,483,259)	\$ 12,360,334	\$ -
Adjustment for GASB Statement No. 84 - To change fund type	1,183,059	116,628	1,066,431
Net position/fund balance - June 30, 2019 - As restated	<u>\$ (62,300,200)</u>	<u>\$ 12,476,962</u>	<u>\$ 1,066,431</u>

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

***Budgetary Information***

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

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

**Note 3 - Stewardship, Compliance, and Accountability (Continued)**

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

The School District did not have significant expenditure budget variances.

**Note 4 - Deposits and Investments**

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

The School District has designated six banks for the deposit of funds. The investment policy adopted by the board in accordance with state statutes has authorized investment in bonds and securities of the United States government and bank accounts and CDs.

There are no limitations or restrictions on participant withdrawals for the investment pools in the Michigan Liquid Asset Fund that are recorded at amortized cost, except there is a one-day minimum investment period (Cash Management Class), and investments may not be redeemed for at least 14 calendar days, with the exception of direct investments of funds distributed by the State of Michigan. Redemptions made prior to the end of the applicable 14-day period are subject to a penalty equal to 15 days' interest on the amount so redeemed (Max Class).

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

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

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At year end, the School District's deposit balance of \$19,028,130 had \$18,012,084 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The School 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 School District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

***Custodial Credit Risk of Investments***

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's policy for custodial credit risk states that custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law and by prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which the School District will do business using the criteria established in the investment policy. There were no investment securities that were uninsured and unregistered and held at June 30, 2020.



**June 30, 2020**

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

**Interest Rate Risk**

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

At year end, the School District had the following investments with interest rate risk:

Investment	Carrying Value	Maturity Date
<b>Primary Government</b>		
U.S. Treasury bonds and notes	\$ 5,944,237	6/30/2021
U.S. Treasury bonds and notes	6,305,593	7/31/2021
U.S. Treasury bonds and notes	5,317,531	8/31/2021
U.S. Treasury bonds and notes	5,539,160	9/30/2021
U.S. Treasury bonds and notes	4,029,919	10/31/2021
U.S. Treasury bonds and notes	950,344	12/31/2021
U.S. Treasury bonds and notes	6,323,929	2/28/2022
U.S. agency bonds and notes	4,635,972	2/26/2021
U.S. agency bonds and notes	8,847,332	4/13/2021
U.S. agency bonds and notes	3,684,082	11/29/2021
U.S. agency bonds and notes	2,168,892	12/20/2021
U.S. agency bonds and notes	3,062,922	1/13/2022
U.S. agency bonds and notes	1,828,431	4/12/2022
Commercial paper	2,268,395	9/30/2020
Commercial paper	2,242,167	11/27/2020
Total	<u>\$ 63,148,906</u>	

**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. As of year end, the credit quality ratings of debt securities and investment pools are as follows:

Investment	Carrying Value	Rating	Rating Organization
U.S. agency bonds and notes	\$ 24,227,631	AA+	S&P
U.S. Treasury bonds and notes	34,410,713	AA+	S&P
Commercial paper	4,510,562	A-1	S&P
MILAF Investment Pool - Cash Management Class	3,017,831	AAAm	S&P
MILAF Investment Pool - Max Class	10,028,997	AAAm	S&P
MILAF Investment Pool - Term Series	1,000,000	AAAkf	Kroll
Total	<u>\$ 77,195,734</u>		

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

**Concentration of Credit Risk**

The School District places no limit on the amount it may invest in any one issuer. More than 5 percent of the School District's investments are in U.S. Treasuries/notes, Fannie Mae notes, and Federal Home Loan Bank notes (included in U.S. agency bonds and notes); these investments represent 44.58, 19.83, and 7.58 percent, respectively, of the School District's total investments.

**Foreign Currency Risk**

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

**Note 5 - Fair Value Measurements**

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The School District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The School District has the following recurring fair value measurements as of June 30, 2020:

	<u>Assets Measured at Fair Value on a Recurring Basis at June 30, 2020</u>	
	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Balance at June 30, 2020</u>
<b>Assets</b>		
Debt Securities:		
U.S. Treasury securities	\$ 34,410,713	\$ 34,410,713
Federal agency securities	19,591,659	19,591,659
Total debt securities	<u>\$ 54,002,372</u>	54,002,372
Investments measured at NAV - Investment pools		<u>1,000,000</u>
Total assets		<u>\$ 55,002,372</u>

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

**Investments in Entities that Calculate Net Asset Value per Share**

The School District holds shares or interests in the Michigan Liquid Asset Fund (MILAF) Term Series, whereby the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

**June 30, 2020**

**Note 5 - Fair Value Measurements (Continued)**

As of June 30, 2020, the fair value of the School District's investments in the MILAF Term Series was \$1,000,000. The investment pool had no unfunded commitments. The MILAF Term Series allows for the School District to set a specific redemption date upon initiation of the investment. Early redemptions are permitted, but an early redemption fee would apply.

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

**Note 6 - Unavailable/Unearned Revenue**

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned.

At June 30, 2020, the School District reported the following amounts of unearned revenue:

	<u>Governmental Funds</u> <u>Liability - Unearned</u>
Student food sales	\$ 173,710
Summer tuition and fall school charges received prior to services being rendered	<u>420,046</u>
Total	<u>\$ 593,756</u>

**June 30, 2020**

**Note 7 - Capital Assets**

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

**Governmental Activities**

	Balance July 1, 2019	Transfers	Additions	Disposals and Adjustments	Balance June 30, 2020
Capital assets not being depreciated:					
Land	\$ 9,607,341	\$ -	\$ -	\$ -	\$ 9,607,341
Construction in progress	1,344,043	(1,344,044)	273,318	-	273,317
Subtotal	10,951,384	(1,344,044)	273,318	-	9,880,658
Capital assets being depreciated:					
Buildings and improvements	206,112,125	1,154,453	1,628,559	-	208,895,137
Furniture and equipment	7,627,942	-	362,198	-	7,990,140
Buses and other vehicles	3,685,003	-	393,536	-	4,078,539
Site improvements	20,586,862	189,591	618,075	-	21,394,528
Subtotal	238,011,932	1,344,044	3,002,368	-	242,358,344
Accumulated depreciation:					
Buildings and improvements	63,616,894	-	4,016,310	-	67,633,204
Furniture and equipment	6,418,719	-	270,472	-	6,689,191
Buses and other vehicles	2,201,203	-	484,100	-	2,685,303
Site improvements	12,196,902	-	883,668	-	13,080,570
Subtotal	84,433,718	-	5,654,550	-	90,088,268
Net capital assets being depreciated	153,578,214	1,344,044	(2,652,182)	-	152,270,076
Net governmental activities capital assets	<u>\$ 164,529,598</u>	<u>\$ -</u>	<u>\$ (2,378,864)</u>	<u>\$ -</u>	<u>\$ 162,150,734</u>

Depreciation expense was not charged to activities, as the School District's assets benefit multiple activities and allocation is not practical.

**Construction Commitments**

The School District has active construction projects at year end. The School District's commitments with contractors related to the 2017 Capital Projects Fund and the 2020 Capital Projects Fund totaled \$47,200 and \$823,600, respectively.

**Note 8 - Interfund Receivables, Payables, and Transfers**

At June 30, 2020, the General Fund was owed \$4,945 from the Debt Service Fund. The balance owed to the General Fund was from the result of payments made by the General Fund on behalf of the Debt Service Fund for which the General Fund was not reimbursed by June 30, 2020.

**June 30, 2020**

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

Transfers of \$133,172 from the Recreation Fund to the General Fund were made to record the value of foregone rental income from the City of Novi, Michigan.

The Food Service Fund transferred \$42,429 to the General Fund to reimburse the General Fund for its share of indirect costs.

**Note 9 - Long-term Debt**

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
Other debt - General obligation	\$ 87,515,000	\$ 59,410,000	\$ (11,980,000)	\$ 134,945,000	\$ 10,540,000
Unamortized bond premiums	9,941,967	15,757,711	(1,258,556)	24,441,122	1,915,130
Total bonds payable	97,456,967	75,167,711	(13,238,556)	159,386,122	12,455,130
Compensated absences	503,141	608	-	503,749	51,000
Self-insurance	51,046	-	(13,100)	37,946	37,946
Total governmental activities long-term debt	<u>\$ 98,011,154</u>	<u>\$ 75,168,319</u>	<u>\$ (13,251,656)</u>	<u>\$ 159,927,817</u>	<u>\$ 12,544,076</u>

The School District had deferred outflows of \$201,513 related to deferred charges on bond refundings at June 30, 2020.

The School District had deferred inflows of \$421,875 related to deferred benefits on bond refundings at June 30, 2020.

**Note 9 - Long-term Debt (Continued)**

**General Obligation Bonds and Contracts**

The School District issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. The School District's qualified bonds are fully guaranteed by the State of Michigan. The primary source of any required repayment is from the School District's property tax levy; however, the State of Michigan may withhold the School District's state aid funding in order to recover amounts it has paid on behalf of the School District. Other long-term obligations include compensated absences and certain risk liabilities. Long-term obligations outstanding at June 30, 2020 are as follows:

Obligation	Remaining Annual Installments	Interest Rates	Maturing on May 1	Outstanding
\$59,410,000 2020 General Obligation Bonds	\$1,725,000 to \$3,525,000	4.00 - 5.00	2044	\$ 59,410,000
\$23,235,000 2017 Qualified, Refunding Bonds	\$4,455,000 to \$4,465,000	5.00	2022	8,920,000
\$12,230,000 2017 General Obligation Bonds	\$475,000 to \$780,000	4.00 - 5.00	2037	10,880,000
\$16,145,000 2016 Qualified, Refunding Bonds	\$1,065,000 to \$1,930,000	2.50 - 5.00	2027	12,290,000
\$6,515,000 2016 General Obligation Bonds	\$325,000 to \$350,000	3.00 - 4.00	2036	5,550,000
\$44,000,000 2014 General Obligation Bonds	\$2,575,000 to \$2,600,000	4.00 - 5.00	2034	36,250,000
\$13,530,000 2012 Qualified, Refunding Bonds	\$1,645,000	5.00	2021	1,645,000
Total governmental activities				<u>\$ 134,945,000</u>

**Other Long-term Liabilities**

Compensated absences attributable to the governmental activities will be liquidated primarily by the General Fund. The liability for compensated absences reported in the government-wide statements consists of earned but unused accumulated sick leave benefits. A liability for these amounts is reported in governmental funds as it comes due for payment. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

**Note 9 - Long-term Debt (Continued)**

**Debt Service Requirements to Maturity**

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

Years Ending June 30	Governmental Activities		
	Other Debt		
	Principal	Interest	Total
2021	\$ 10,540,000	\$ 6,917,871	\$ 17,457,871
2022	11,525,000	5,971,650	17,496,650
2023	7,005,000	5,466,000	12,471,000
2024	7,105,000	5,136,500	12,241,500
2025	7,230,000	4,802,250	12,032,250
2026-2030	32,635,000	19,185,250	51,820,250
2031-2035	28,325,000	11,621,250	39,946,250
2036-2040	16,905,000	5,849,500	22,754,500
2041-2044	13,675,000	1,727,500	15,402,500
Total	<u>\$ 134,945,000</u>	<u>\$ 66,677,771</u>	<u>\$ 201,622,771</u>

**Note 10 - Risk Management**

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District participates in the Middle Cities Risk Management Trust risk pool for claims relating to property liability and errors and omissions. The School District is fully insured for medical benefits provided to the employees and workers' compensation. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The shared-risk pool program in which the School District participates operates as a common risk-sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The School District is self-insured for dental and vision claims at June 30, 2020. The School District estimates the liability for dental and vision claims that have been incurred through the end of the fiscal year, including claims that have been reported and those that have not yet been reported. Changes in the estimated liability for the past two fiscal years are reported in the government-wide financial statements and were as follows:

	2020	2019
Estimated liability - Beginning of year	\$ 51,046	\$ 48,119
Estimated claims incurred, including changes in estimates	-	2,927
Claim payments	(13,100)	-
Estimated liability - End of year	<u>\$ 37,946</u>	<u>\$ 51,046</u>

**Note 11 - Michigan Public School Employees' Retirement System**

***Plan Description***

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

The System is administered by the Office of Retirement Services (ORS). The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for the pension and postemployment health care plans. That report is available on the web at <http://www.michigan.gov/orsschools> or by writing to the Office of Retirement Services at 7150 Harris Drive, P.O. Box 30171, Lansing, MI 48909.

***Benefits Provided***

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

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

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

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

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

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

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



June 30, 2020

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

**Contributions**

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

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

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

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

The ranges of rates are as follows:

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

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

The School District's required and actual pension contributions to the plan for the year ended June 30, 2020 were \$13,081,158, which include the School District's contributions required for those members with a defined contribution benefit. The School District's required and actual pension contributions include an allocation of \$5,156,378 in revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate for the year ended June 30, 2020.

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2020 were \$3,500,151, which include the School District's contributions required for those members with a defined contribution benefit.

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

**Net Pension Liability**

At June 30, 2020, the School District reported a liability of \$153,395,001 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2018, which used update procedures to roll forward the estimated liability to September 30, 2019. The School District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2019 and 2018, the School District's proportion was 0.46 percent.

**Net OPEB Liability**

At June 30, 2020, the School District reported a liability of \$33,358,047 for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2020 was measured as of September 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2018, which used update procedures to roll forward the estimated liability to September 30, 2019. The School District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2019 and 2018, the School District's proportion was 0.46 percent.

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

For 2020, the School District recognized pension expense of \$23,599,473, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 687,565	\$ (639,642)
Changes in assumptions	30,034,849	-
Net difference between projected and actual earnings on pension plan investments	-	(4,916,049)
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	604,887	(451,965)
The School District's contributions to the plan subsequent to the measurement date	10,988,824	-
Total	\$ 42,316,125	\$ (6,007,656)

The \$5,156,378 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ending June 30, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2021	\$ 9,862,852
2022	8,059,691
2023	5,277,468
2024	2,119,634
Total	\$ 25,319,645

**June 30, 2020**

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

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

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

For the year ended June 30, 2020, the School District recognized OPEB expense of \$931,070.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ (12,240,011)
Changes in assumptions	7,228,014	-
Net difference between projected and actual earnings on OPEB plan investments	-	(580,112)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	390,861	(51,623)
Employer contributions to the plan subsequent to the measurement date	<u>2,492,620</u>	<u>-</u>
Total	<u>\$ 10,111,495</u>	<u>\$ (12,871,746)</u>

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

<u>Years Ending</u>	<u>Amount</u>
2021	\$ (1,475,128)
2022	(1,475,128)
2023	(1,186,005)
2024	(745,727)
2025	<u>(370,883)</u>
Total	<u>\$ (5,252,871)</u>

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

**Actuarial Assumptions**

The total pension liability and total OPEB liability as of September 30, 2019 are based on the results of an actuarial valuation as of September 30, 2018 and rolled forward. The total pension liability and OPEB liability were determined using the following actuarial assumptions:

Actuarial cost method		Entry age normal
Investment rate of return - Pension	6.00% - 6.80%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.95%	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55%	Including wage inflation of 2.75%
Health care cost trend rate - OPEB	7.50%	Year 1 graded to 3.5% year 12
Mortality basis		RP-2014 Male and Female Employee Annuitant Mortality tables, scaled 100% (retirees: 82% for males and 78% for females) and adjusted for mortality improvements using projection scale MP-2017 from 2006
Cost of living pension adjustments	3.00%	Annual noncompounded for MIP members

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

Significant assumption changes since the prior measurement date, September 30, 2018, for pension and OPEB include a reduction in both discount rates, continued impact of the updated experience study that resulted in lower than projected per person health benefit costs for OPEB, and favorable investment experience for both plans. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2018.

**Discount Rate**

The discount rate used to measure the total pension liability was 6.00 to 6.80 percent as of September 30, 2019 depending on the plan option. The discount rate used to measure the total OPEB liability was 6.95 percent as of September 30, 2019. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that district contributions will be made at statutorily required rates.

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

**June 30, 2020**

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	28.00 %	5.50 %
Private equity pools	18.00	8.60
International equity pools	16.00	7.30
Fixed-income pools	10.50	1.20
Real estate and infrastructure pools	10.00	4.20
Absolute return pools	15.50	5.40
Short-term investment pools	2.00	0.80
Total	100.00 %	

Long-term rates of return are net of administrative expense and inflation of 2.3 percent.

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

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

	1 Percentage Point Decrease (5.00 - 5.80%)	Current Discount Rate (6.00 - 6.80%)	1 Percentage Point Increase (7.00 - 7.80%)
Net pension liability of the School District	\$ 199,423,315	\$ 153,395,001	\$ 115,235,944

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

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

	1 Percentage Point Decrease (5.95%)	Current Discount Rate (6.95%)	1 Percentage Point Increase (7.95%)
Net OPEB liability of the School District	\$ 40,918,657	\$ 33,358,047	\$ 27,009,234

June 30, 2020

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

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

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

	1 Percentage Point Decrease (6.50%)	Current Rate (7.50%)	1 Percentage Point Increase (8.50%)
Net OPEB liability of the School District	\$ 26,740,072	\$ 33,358,047	\$ 40,917,760

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

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

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

At June 30, 2020, the School District reported a payable of \$2,932,729 and \$652,198 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2020.

**Note 12 - Subsequent Events**

Following the passing of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was signed into law on March 27, 2020 to combat the effects of the COVID-19 pandemic, the U.S. Department of Treasury distributed Coronavirus Relief Fund (CRF) payments to the State of Michigan. During July and August 2020, the School District received \$2,349,123 of these restricted CRF funds from the Michigan Department of Education. The CRF funds can be used only for eligible costs and are subject to certain Uniform Guidance and grant-specific reporting requirements.

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## Required Supplemental Information

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# Novi Community School District

## Required Supplemental Information Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Revenue</b>				
Local sources	\$ 24,742,816	\$ 25,047,966	\$ 25,997,671	\$ 949,705
State sources	48,160,196	48,285,898	47,273,279	(1,012,619)
Federal sources	1,747,441	1,535,539	1,358,872	(176,667)
Incoming transfers and other transactions	3,973,935	4,013,376	4,072,554	59,178
Total revenue	78,624,388	78,882,779	78,702,376	(180,403)
<b>Expenditures</b>				
Current:				
Instruction:				
Basic programs	41,818,083	42,892,435	42,682,931	(209,504)
Added needs	10,067,033	9,599,004	9,404,932	(194,072)
Adult/Continuing education	281,683	382,413	360,581	(21,832)
Total instruction	52,166,799	52,873,852	52,448,444	(425,408)
Support services:				
Pupil	5,061,921	5,491,691	5,357,963	(133,728)
Instructional staff	5,233,870	5,361,886	5,115,255	(246,631)
General administration	608,425	604,992	520,267	(84,725)
School administration	4,234,959	4,105,145	4,026,992	(78,153)
Business	927,518	970,258	907,670	(62,588)
Operations and maintenance	4,861,220	4,801,757	4,663,710	(138,047)
Pupil transportation services	2,495,265	2,445,797	2,303,339	(142,458)
Central	1,917,710	1,981,466	1,934,069	(47,397)
Total support services	25,340,888	25,762,992	24,829,265	(933,727)
Athletics and other support services	1,121,310	1,149,435	1,129,902	(19,533)
Community services	1,766,618	1,746,790	1,674,045	(72,745)
Total expenditures	80,395,615	81,533,069	80,081,656	(1,451,413)
<b>Net Change in Fund Balance</b>	(1,771,227)	(2,650,290)	(1,379,280)	1,271,010
<b>Fund Balance - Beginning of year</b>	12,476,962	12,476,962	12,476,962	-
<b>Fund Balance - End of year</b>	<b>\$ 10,705,735</b>	<b>\$ 9,826,672</b>	<b>\$ 11,097,682</b>	<b>\$ 1,271,010</b>



## Novi Community School District

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

#### Last Six Plan Years Plan Years Ended September 30

	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.46320 %	0.46099 %	0.45972 %	0.46023 %	0.46769 %	0.43629 %
School District's proportionate share of the net pension liability	\$ 153,395,001	\$ 138,583,097	\$ 119,132,187	\$ 114,824,425	\$ 114,234,482	\$ 102,041,454
School District's covered payroll	\$ 40,611,292	\$ 39,347,566	\$ 38,560,076	\$ 38,540,672	\$ 38,955,408	\$ 37,678,292
School District's proportionate share of the net pension liability as a percentage of its covered payroll	377.72 %	352.20 %	308.95 %	297.93 %	293.24 %	270.82 %
Plan fiduciary net position as a percentage of total pension liability	60.08 %	62.12 %	63.96 %	63.01 %	62.92 %	66.15 %

**Novi Community School District**

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

**Last Six Fiscal Years  
Years Ended June 30**

	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 12,825,056	\$ 12,432,151	\$ 11,676,588	\$ 11,076,646	\$ 10,764,810	\$ 7,781,084
Contributions in relation to the statutorily required contribution	12,825,056	12,432,151	11,676,588	11,076,646	10,764,810	7,781,084
<b>Contribution Deficiency</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>School District's Covered Payroll</b>	<b>\$ 41,347,269</b>	<b>\$ 40,655,331</b>	<b>\$ 38,768,262</b>	<b>\$ 38,643,725</b>	<b>\$ 38,567,537</b>	<b>\$ 37,383,521</b>
<b>Contributions as a Percentage of Covered Payroll</b>	<b>31.02 %</b>	<b>30.58 %</b>	<b>30.12 %</b>	<b>28.66 %</b>	<b>27.91 %</b>	<b>20.81 %</b>

**Novi Community School District**

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

	<b>Last Three Plan Years</b>		
	<b>Plan Years Ended September 30</b>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
School District's proportion of the net OPEB liability	0.46474 %	0.46079 %	0.45913 %
School District's proportionate share of the net OPEB liability	\$ 33,358,047	\$ 36,628,054	\$ 40,657,770
School District's covered payroll	\$ 40,611,292	\$ 39,347,566	\$ 38,560,076
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	82.14 %	93.09 %	105.44 %
Plan fiduciary net position as a percentage of total OPEB liability	48.67 %	43.10 %	36.53 %

**Novi Community School District**

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

	<b>Last Three Fiscal Years</b>		
	<b>Years Ended June 30</b>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 3,308,608	\$ 3,193,486	\$ 2,795,424
Contributions in relation to the statutorily required contribution	<u>3,308,608</u>	<u>3,193,486</u>	<u>2,795,424</u>
<b>Contribution Deficiency</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>
<b>School District's Covered Payroll</b>	\$ 41,347,269	\$ 40,655,331	\$ 38,768,262
<b>Contributions as a Percentage of Covered Payroll</b>	8.00 %	7.86 %	7.21 %

***Pension Information***

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

**Benefit Changes**

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

**Changes in Assumptions**

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

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

***OPEB Information***

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

**Benefit Changes**

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

**Changes in Assumptions**

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

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

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## Other Supplemental Information

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# Novi Community School District

## Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds

**June 30, 2020**

	Special Revenue Funds				Capital Projects Funds			Total
	Food Service Fund	Recreation Fund	Student Activities Fund	Total Special Revenue Funds	Sinking Fund	2017 Capital Projects Fund	Total Capital Project Funds	
<b>Assets</b>								
Cash and investments	\$ -	\$ -	\$ 1,240,136	\$ 1,240,136	\$ -	\$ -	\$ -	\$ 1,240,136
Receivables - Property taxes receivable	-	685	-	685	345	-	345	1,030
Inventory	89,104	-	-	89,104	-	-	-	89,104
Prepaid expenses and other assets	175,000	-	-	175,000	-	-	-	175,000
Restricted assets	525,720	1,083,517	-	1,609,237	2,307,904	2,336,948	4,644,852	6,254,089
Total assets	<b>\$ 789,824</b>	<b>\$ 1,084,202</b>	<b>\$ 1,240,136</b>	<b>\$ 3,114,162</b>	<b>\$ 2,308,249</b>	<b>\$ 2,336,948</b>	<b>\$ 4,645,197</b>	<b>\$ 7,759,359</b>
<b>Liabilities</b>								
Accounts payable	\$ 18,024	\$ 69,321	\$ 22,295	\$ 109,640	\$ 3,359	\$ 105,073	\$ 108,432	\$ 218,072
Due to other governmental units	6	-	-	6	-	-	-	6
Unearned revenue	173,710	-	-	173,710	-	-	-	173,710
Total liabilities	191,740	69,321	22,295	283,356	3,359	105,073	108,432	391,788
<b>Fund Balances</b>								
Nonspendable:								
Inventory	89,104	-	-	89,104	-	-	-	89,104
Prepays	175,000	-	-	175,000	-	-	-	175,000
Restricted:								
Capital projects	-	-	-	-	2,304,890	2,231,875	4,536,765	4,536,765
Food service	333,980	-	-	333,980	-	-	-	333,980
Recreation	-	1,014,881	-	1,014,881	-	-	-	1,014,881
Committed - Student activities	-	-	1,217,841	1,217,841	-	-	-	1,217,841
Total fund balances	598,084	1,014,881	1,217,841	2,830,806	2,304,890	2,231,875	4,536,765	7,367,571
Total liabilities and fund balances	<b>\$ 789,824</b>	<b>\$ 1,084,202</b>	<b>\$ 1,240,136</b>	<b>\$ 3,114,162</b>	<b>\$ 2,308,249</b>	<b>\$ 2,336,948</b>	<b>\$ 4,645,197</b>	<b>\$ 7,759,359</b>

# Novi Community School District

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

**Year Ended June 30, 2020**

	Special Revenue Funds				Capital Projects Funds			Total
	Food Service Fund	Recreation Fund	Student Activities Fund	Total Special Revenue Funds	Sinking Fund	2017 Capital Projects Fund	Total Capital Project Funds	
<b>Revenue</b>								
Local sources	\$ 1,351,634	\$ 2,271,605	\$ 1,617,476	\$ 5,240,715	\$ 1,144,506	\$ 60,651	\$ 1,205,157	\$ 6,445,872
State sources	104,536	-	-	104,536	-	-	-	104,536
Federal sources	754,334	-	-	754,334	-	-	-	754,334
<b>Total revenue</b>	<b>2,210,504</b>	<b>2,271,605</b>	<b>1,617,476</b>	<b>6,099,585</b>	<b>1,144,506</b>	<b>60,651</b>	<b>1,205,157</b>	<b>7,304,742</b>
<b>Expenditures</b>								
Current:								
Support services	-	1,260,437	1,466,066	2,726,503	225,192	-	225,192	2,951,695
Food services	2,043,702	-	-	2,043,702	-	-	-	2,043,702
Community services	-	472,346	-	472,346	-	-	-	472,346
Capital outlay	2,579	181,328	-	183,907	27,348	2,111,016	2,138,364	2,322,271
<b>Total expenditures</b>	<b>2,046,281</b>	<b>1,914,111</b>	<b>1,466,066</b>	<b>5,426,458</b>	<b>252,540</b>	<b>2,111,016</b>	<b>2,363,556</b>	<b>7,790,014</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>164,223</b>	<b>357,494</b>	<b>151,410</b>	<b>673,127</b>	<b>891,966</b>	<b>(2,050,365)</b>	<b>(1,158,399)</b>	<b>(485,272)</b>
<b>Other Financing Uses - Transfers out</b>	<b>(42,429)</b>	<b>(133,172)</b>	<b>-</b>	<b>(175,601)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(175,601)</b>
<b>Net Change in Fund Balances</b>	<b>121,794</b>	<b>224,322</b>	<b>151,410</b>	<b>497,526</b>	<b>891,966</b>	<b>(2,050,365)</b>	<b>(1,158,399)</b>	<b>(660,873)</b>
<b>Fund Balances - Beginning of year (as restated)</b>	<b>476,290</b>	<b>790,559</b>	<b>1,066,431</b>	<b>2,333,280</b>	<b>1,412,924</b>	<b>4,282,240</b>	<b>5,695,164</b>	<b>8,028,444</b>
<b>Fund Balances - End of year</b>	<b>\$ 598,084</b>	<b>\$ 1,014,881</b>	<b>\$ 1,217,841</b>	<b>\$ 2,830,806</b>	<b>\$ 2,304,890</b>	<b>\$ 2,231,875</b>	<b>\$ 4,536,765</b>	<b>\$ 7,367,571</b>



# Novi Community School District

## Other Supplemental Information Schedule of Bonded Indebtedness

June 30, 2020

Years Ending June 30	2012 Refunding Bonds		2014 School Building and Site Bonds		2016 School Building and Site Bonds		2016 Refunding Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 1,645,000	\$ 82,250	\$ 2,575,000	\$ 1,761,000	\$ 325,000	\$ 215,000	\$ 1,065,000	\$ 538,100
2022	-	-	2,575,000	1,658,000	325,000	202,000	1,750,000	495,500
2023	-	-	2,575,000	1,555,000	350,000	189,000	1,830,000	425,500
2024	-	-	2,575,000	1,426,250	350,000	175,000	1,880,000	334,000
2025	-	-	2,575,000	1,297,500	350,000	161,000	1,930,000	240,000
2026	-	-	2,575,000	1,168,750	350,000	147,000	1,915,000	191,750
2027	-	-	2,600,000	1,040,000	350,000	136,500	1,920,000	96,000
2028	-	-	2,600,000	910,000	350,000	126,000	-	-
2029	-	-	2,600,000	780,000	350,000	112,000	-	-
2030	-	-	2,600,000	650,000	350,000	98,000	-	-
2031	-	-	2,600,000	520,000	350,000	84,000	-	-
2032	-	-	2,600,000	390,000	350,000	70,000	-	-
2033	-	-	2,600,000	260,000	350,000	56,000	-	-
2034	-	-	2,600,000	130,000	350,000	42,000	-	-
2035	-	-	-	-	350,000	28,000	-	-
2036	-	-	-	-	350,000	14,000	-	-
2037	-	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-	-
2041	-	-	-	-	-	-	-	-
2042	-	-	-	-	-	-	-	-
2043	-	-	-	-	-	-	-	-
2044	-	-	-	-	-	-	-	-
<b>Total remaining payments</b>	<b>\$ 1,645,000</b>	<b>\$ 82,250</b>	<b>\$ 36,250,000</b>	<b>\$ 13,546,500</b>	<b>\$ 5,550,000</b>	<b>\$ 1,855,500</b>	<b>\$ 12,290,000</b>	<b>\$ 2,320,850</b>
Principal payments due	May 1		May 1		May 1		May 1	
Interest payments due	May 1 and November 1		May 1 and November 1		May 1 and November 1		May 1 and November 1	
Interest rate	5.00%		4.00% - 5.00%		3.00% - 4.00%		2.50% - 5.00%	
Original issue	<b>\$ 13,530,000</b>		<b>\$ 44,000,000</b>		<b>\$ 6,515,000</b>		<b>\$ 16,145,000</b>	

**Novi Community School District**

**Other Supplemental Information  
Schedule of Bonded Indebtedness (Continued)**

**June 30, 2020**

Years Ending June 30	2017 School Building and Site Bonds Series III		2017 Refunding Bonds		2020 School Building and Site Bonds, Series I		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2021	\$ 475,000	\$ 534,250	\$ 4,455,000	\$ 446,000	\$ -	\$ 3,341,271	\$ 17,457,871
2022	500,000	515,250	4,465,000	223,250	1,910,000	2,877,650	17,496,650
2023	525,000	495,250	-	-	1,725,000	2,801,250	12,471,000
2024	550,000	469,000	-	-	1,750,000	2,732,250	12,241,500
2025	550,000	441,500	-	-	1,825,000	2,662,250	12,032,250
2026	575,000	414,000	-	-	2,075,000	2,589,250	12,000,750
2027	600,000	385,250	-	-	2,150,000	2,506,250	11,784,000
2028	625,000	355,250	-	-	2,200,000	2,398,750	9,565,000
2029	650,000	324,000	-	-	2,250,000	2,288,750	9,354,750
2030	650,000	291,500	-	-	2,300,000	2,176,250	9,115,750
2031	675,000	259,000	-	-	2,350,000	2,061,250	8,899,250
2032	700,000	225,250	-	-	2,400,000	1,943,750	8,679,000
2033	725,000	190,250	-	-	2,500,000	1,823,750	8,505,000
2034	750,000	154,000	-	-	2,600,000	1,698,750	8,324,750
2035	775,000	116,500	-	-	2,700,000	1,568,750	5,538,250
2036	775,000	77,750	-	-	2,800,000	1,433,750	5,450,500
2037	780,000	39,000	-	-	2,900,000	1,293,750	5,012,750
2038	-	-	-	-	3,000,000	1,148,750	4,148,750
2039	-	-	-	-	3,100,000	998,750	4,098,750
2040	-	-	-	-	3,200,000	843,750	4,043,750
2041	-	-	-	-	3,300,000	683,750	3,983,750
2042	-	-	-	-	3,400,000	518,750	3,918,750
2043	-	-	-	-	3,450,000	348,750	3,798,750
2044	-	-	-	-	3,525,000	176,250	3,701,250
<b>Total remaining payments</b>	<b>\$ 10,880,000</b>	<b>\$ 5,287,000</b>	<b>\$ 8,920,000</b>	<b>\$ 669,250</b>	<b>\$ 59,410,000</b>	<b>\$ 42,916,421</b>	<b>\$ 201,622,771</b>
Principal payments due	May 1		May 1		May 1		
Interest payments due	May 1 and November 1		May 1 and November 1		May 1 and November 1		
Interest rate	4.00% - 5.00%		5.00%		4.00% - 5.00%		
Original issue	<b>\$ 12,230,000</b>		<b>\$ 23,235,000</b>		<b>\$ 59,410,000</b>		<b>\$ 175,065,000</b>