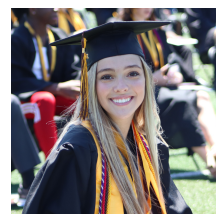
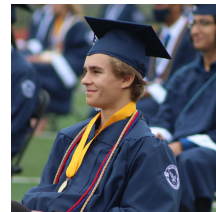
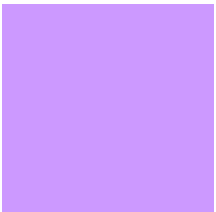


Annual Comprehensive Financial Report

June 30, 2021



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

**For the Fiscal Year Ended
June 30, 2021**

**Dr. Christopher J. Delgado
Superintendent of Schools**

Board of Education

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President**

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Treasurer**

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Vice President**

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

October 5, 2021

Citizens and Board Members:

Christopher J. Delgado,
Ph.D.
Superintendent

Terri A. Weems
President

Zach T. Rich
Vice President

Angie F. Smith.
Secretary

Claudia T. Heinrich
Treasurer

Cheryl B. Blau
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The Annual Comprehensive Financial Report of Farmington Public School District (the "School District") for the fiscal year ended June 30, 2021 is submitted herewith. This report was prepared by the business department and contains all activities under the control of the Board of Education. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the School District. We believe that the data as presented is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and results of operations of the School District as measured by the financial activity of its various funds with all disclosures necessary to enable the reader to gain the maximum understanding of the School District's financial affairs.

Reporting Entity and Services

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

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

Report Organization

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

Introductory Section

This section introduces the reader to Farmington Public School District and to this report. Included are facts about the School District, this transmittal letter, the School District's organizational chart, and the Association of School Business Officials International Certificate of Excellence in Financial Reporting for the year ended June 30, 2020.

Financial Section

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

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

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

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

The supplemental statements and schedules contain a more detailed analysis of revenue and expenditures that are compared to the 2020-2021 budget for the General Fund, as well as schedules presenting the School District's proportionate share of net pension liability and contribution information related to the MPSERS pension plan. Other supplemental information includes the balance sheet and statement of revenue, expenditures, and changes in fund balances as well as statements and schedules containing a more detailed analysis of revenue and expenditures that are compared to the 2020-2021 budget for nonmajor governmental funds as well as the schedule of bonded indebtedness detailing interest rates and annual maturities, schedule of fixed assets by building, and schedule of cash, cash equivalents, and investments.

Statistical Section

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

About Farmington Public School District

The Community

Farmington Public School District is a suburban school district located in the cities of Farmington and Farmington Hills and the Township of West Bloomfield, all within southern Oakland County, Michigan. The School District encompasses 28 square miles with a population of approximately 95,600. The entire City of Farmington and a majority of the City of Farmington Hills lies within the School District boundaries. A small portion of West Bloomfield Township is within the School District boundaries. The School District's 2019 median housing value for the cities of Farmington and Farmington Hills was \$210,000 and \$257,300, respectively. The median household income from survey data collected by the Cities of Farmington and Farmington Hills, respectively, was estimated at \$76,102 and \$83,268 in 2019, the latest census data available. Due to its proximity to I-696, Northwestern Highway, Grand River, I-96, and I-275, the School District has a significant commercial and industrial tax base to support community services and provide a strong economic climate.

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

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

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

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

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

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

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

The official blended enrollment for 2020/2021, including alternative and adult education students, was 9,401 students.

Accomplishments

Farmington Public Schools Strategic Plan Development

At the end of the 2016-17 school year, Farmington Public Schools engaged a committee to begin development of an updated Strategic Plan for the District. This committee reviewed the current state of the District, reviewed the District Vision, Mission and Desired Culture statements and identified four major goal areas for Farmington Public Schools to pursue. During the 2020-21 school year, this information was reviewed and restructured to support the overarching district priorities of equity and innovation. The 8 goal areas include:

Community Relations

Objectives include improving communication/outreach efforts with all stakeholders, including new and existing families, senior citizens, board of education, and overall community stakeholders and enhancing with intention partnerships and enrichment opportunities that expand student learning opportunities.

Teaching and Learning

Objectives include connecting concepts of authentic tasks and positioning to the FPS Profile of a Lifelong Learner, developing awareness and opportunities for vertical alignment across the district and reviewing FPS grading practices.

Creating a Culture for Equity and Innovation

Objectives include identifying and promoting adult behaviors that support a culture of equity and innovation and aligning professional development to support creating a culture of equity and innovation.

Effective Management of Resources

Objectives include expanding awareness of resources available across the district and assessing the equitable allocation of these resources.

Organizational Effectiveness

Objectives include identifying the commonalities between FPS learning opportunities and identifying available curricular pathways paired with clear stakeholder communication of pathways to stakeholders.

Leadership that Supports Equity and Innovation

Objectives include identifying three to five key components of leadership that fosters equity and innovation and creating a cross-district culture of equitable student leadership.

Creating Systems for Equity and Innovation

Objectives include identifying the key components for a plan for equity at FPS and identifying key components for system-wide innovation.

FPS Futures Committee

Objectives include a space to discuss and identify “What could be” for our FPS learners, including the incorporation of content in the FPS Profile of a Lifelong Learner; exploring paths forward for future learning opportunities.

To support attainment of these goals, strategies, action steps and monitoring methods were reviewed and revised during the 2020-21 school year. An update on the current state of each goal area, including strategies, action steps and monitoring methods was presented to the Board of Education in the Spring of 2021 with full implementation beginning during the 2021-22 school year.

Student and Staff Recognition

The School District is proud of the many achievements recognized during the 2021 fiscal year, including:

- In 2020, Farmington Public Schools graduated 722 students; approximately 92% went on to a four-year university, community college or technical school.
- Farmington Early Childhood Center is accredited by the National Association of the Education of Young Children.
- All PreK-12 schools and the District are fully accredited by AdvancEd. AdvancEd conducts on-site external reviews of schools and districts.
- Longacre Elementary School was the fifth school in Michigan to be awarded the distinction of being named a Leader in Me Lighthouse School.
- Hillside Elementary School, Farmington STEAM Academy and Farmington High School have been recognized as National PTA Schools of Excellence.

School/Community Relations Services

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

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

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

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

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

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

Instructional Services

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

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

The School District continues its work in meeting state requirements for the Teacher and Administrator Evaluation System. The School District implemented its Teacher Professional Growth and Evaluation model using the final ratings to inform the 2020-21 staffing process. The teacher model is being refined through professional development and experience with all components.

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

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

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

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

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

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

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

Facilities Management

The School District continues its work on energy management. The program initiated 16 years ago has saved over \$13.0 million since its inception.

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

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

With the successful bond proposal in May 2015, the district interviewed and awarded contracts to the required consultants, including architects and engineers to design and document the work in the bond proposal. Schools included in Phases 1 through 5 of the construction cycle are complete. Projects to spend the remaining bond proceeds are currently being analyzed with anticipated completion of spending by June 30, 2023. As of June 30, 2021, the District has completed approximately \$128.0 million of construction work.

The District successfully passed a \$98 million bond proposal in March 2020. The first series of bonds were issued in June 2020 and the proceeds totaled \$67.8 million. The District successfully negotiated contracts with its Architect, Construction Manager and Technology Design Consultant. Work began on Phase I schools in June 2020 and will continue into the fall as classrooms are updated on a week by week basis. Work has been taking place on identifying the Phase 2 projects that will begin in the Summer of 2022.

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

The District has continued its cleaning and sanitizing protocols to comply with CDC and local health department requirements related to the COVID-19 Pandemic. Personal Protection Equipment, including surgical masks, face shields and signage continue to be used in all school buildings to mitigate the risk of the spread of the virus.

Alameda Early Childhood Center was remodeled and expanded to house all Early Childhood programs. With this expansion, Farmington Community School was closed. With all Early Childhood programs being housed in one building, the building has been renamed Farmington Early Childhood Center to reflect the combination of Alameda and Farmington Community School and opened in September 2020.

Farmington Community School had been closed with the early childhood programs moving out, however the District ran a Title I summer school program in the building due to bond work taking place at Lanigan Elementary. Due to the continued challenges of the COVID-19 Pandemic, the District is currently using this building in the 2021-22 school year to provide teachers with classroom space to teach virtually for those

students who are part of the Virtual Learning Program (VLP). Use of this building or the property in the future will be evaluated by the District to determine the need to retain or sell the property.

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

Human Resources

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

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

Negotiations have resulted in two-year or three-year contracts with all of our employee units. Three-year contracts, expiring in 2024, are with our bus drivers (Farmington Transportation Association), paraprofessionals and office staff (Educational Support Professionals), and teachers and support staff (Farmington Education Association). Two-year contracts, expiring in 2023, were reached with our maintenance and nutrition services staff (Farmington Maintenance and Cafeteria) and school administrators (Farmington Association of School Administrators). The District sought agreements that continued to recognize and value the contributions of all employees, while assuring that Farmington remains well-positioned for long-term, sustainable academic and financial health.

Business Services

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

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

The Business Office was able to convert to an all-electronic Purchase Order process as well as start to offer to issue ACH payments (versus a paper check) to its vendors.

Due to the COVID-19 pandemic, the federal government provided billions of dollars to help support public school districts throughout the country. The business office was instrumental in managing and supporting spending of these federal dollars with approximately \$5.2 million provided to Farmington Public Schools. Focus areas included purchase of PPE (personal protective equipment), disinfecting equipment, air purifiers for all classrooms and shared spaces, signage and posters, additional custodial support, outdoor wifi availability at several schools, hotspots, instructional software, including a Learning Management System, as well as individualized student kits to eliminate the use of shared materials.

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

Nutrition Services prepared and distributed over 320,000 breakfasts and 324,000 lunches which were funded by the USDA through a federal program, Unanticipated School Closure, and was made available to all families with children 18 years of age and younger. There was no requirement that the family live within the District boundaries.

Financial Report Awards

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

Economic Outlook

As the School District completes its 27th year under Proposal A, approved by Michigan voters in 1994, revenue has not kept pace with inflation. Proposal A substantially shifted funding responsibility from the local level to the state level and from property tax as the major revenue source. The cumulative rate of per-pupil revenue increase has been about 19.4 percent since 1994, and the cumulative rate of inflation at 50.0 percent, illustrating that funding has not kept pace with the rate of inflation. The School District is dependent upon the state legislature for not only the majority of its funds, but also its funding level. In addition, various costs were shifted to local districts, which historically had been paid by the State. These include contributions to the Michigan Public School Employees' Retirement System and FICA.

The original budget for 2021-22 was created using an estimate of \$82 per pupil increase as the State budget had not yet been approved. The May Revenue Estimating Conference revealed that both the State's General Fund as well as the State School Aid Fund were in much better shape than previously anticipated. In the months that followed the May Revenue Estimating Conference, the State concluded it could make a significant investment in education. The State closed the "foundation allowance gap" that had existed for many years and guaranteed a target foundation allowance of \$8700 for all school districts. For many school districts in the state, their foundation allowance rose by \$589 per pupil. For "Hold Harmless" school districts, the increase was only \$171 however these districts are still allowed to levy an additional amount per pupil on residential taxpayers for operating purposes. This was one of the largest investments in education over the last two decades, however the big question remains as to whether it is affordable into the long-term future.

The District settled contracts with all of its employee groups during 2020-21. A three-year contract through August 23, 2024 was reached with its teachers, the Farmington Education Association (FEA). Step increases will occur for those on the step schedule for each of the three years. Increases to the salary schedules were provided for 2022, 2023 and 2024 and equal 2.0%, 1.50% and 1.0%, respectively. Longevity payments increased and will continue to be paid to those eligible.

A three-year contract was settled through June 30, 2024 with the District's paraprofessional and secretarial staff, the Educational Support Professionals (ESP) and with its bus drivers, the Farmington Transportation Association (FTA). Within the ESP contract, the two-tier pay structure was eliminated and all employees moving from Tier 2 to Tier 1 were brought on closest to their current wage, but no lower. Steps are provided for the 2nd and 3rd years of the contract and on schedule wage increases for the first two years ranged from 1% to 1.5%. Longevity payments also increased and will be paid to eligible employees. The FTA contract also eliminated its two-tier wage structure. The contract provides for movement to the new wage schedule in year one with 2% and 5% on-schedule increases for bus drivers and mechanics, respectively. The remaining two years of the contract provide for step movement for those eligible with a 1% increase on schedule. Health insurance deductions for bus drivers were reduced from 24% to 20% over a two-year period to bring them in line with other district employees.

A two-year contract was settled through June 30, 2023 for maintenance and nutrition staff, Farmington Maintenance and Cafeteria (FMC) and with the Farmington Association of School Administrators (FASA). The FMC contract provides for step movement and on-schedule wage increases in both years. The FASA contract eliminated its two-tier wage structure and provided for step movement and on-schedule wage increases in both years of the contract.

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

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

- An identified base cost for educating a student with several factors that deserve additional funding for student characteristics including poverty, special education, English Language Learners (ELL) and Career and Technical Education (CTE).
- Identification of costs in related areas in response to school district or charter school characteristics including: transportation of students, geographic isolation, state pension system costs and enrollment size.
- Identification of the base cost of a regular education student at \$9,590 for both traditional public schools and charter schools. That amount excludes transportation, food service and capital costs, and only includes pension costs at 4.6% of wages.
- In addition to the base per-pupil cost, a percentage of the base cost should be provided for special education, English Language Learners, students living in poverty and programs to provide Career and Technical Education, and to account for geographic isolation.
- All school districts and those charter schools in the State Pension system (MPERS) should receive funding in addition to the base for the payment required by law. Currently, the required additional payment is equal to approximately 22.9% of all wages.

The current Governor has been very supportive of the Adequacy of Education Funding in Michigan study. The budget she presented in March 2021 continued to try to address funding for these specific areas. The Legislature approved and the Governor signed one of the largest state aid bills in the last two decades. The funding gap between lower funded districts and higher funded districts has now been closed with the State guaranteeing to fund a target foundation of \$8,700 for all school districts in Michigan. Farmington Public Schools is still able to levy an additional \$1,876 per pupil (hold harmless millage) on its residential taxpayers, however the State required a reduction in the per pupil amount of \$191 (previous funding level was \$2,067 per pupil) in order to receive the full target foundation allowance of \$8,700.

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

The School District's hold-harmless millage was overwhelmingly renewed by voters in August 2015, which was anticipated to bring continued levels of local operating revenue through 2025. For 2021-22, the District will levy 18.00 mills on all non-homestead properties due to the successful passage of a headlee override by voters in November 2017. The ballot proposal in the November 2017 election not only restored the millage rate back to 18.0000 mills but authorized an additional one mill to absorb potential future rollbacks. The State assumes the District levies the full 18.00 mills on non-homestead properties as part of the foundation allowance formula and does not make up the loss in revenue should the millage rate be rolled back.

Another challenge the School District faces is declining enrollment. A third-party demographer projects our enrollment annually. For fiscal year 2020-21, the State allowed for all Districts to calculate their student enrollment using the "Super Blend". It acknowledged that public schools were losing students and that this higher than anticipated decline would place undo financial hardship on schools as they continued to implement and follow safety and mitigation strategies to combat the COVID-19 pandemic. The super blend allowed for districts to weight their previous year's count at 75% with a 25% weight on the current year count. This weighting helped many Districts to maintain a more stable enrollment resulting in a more stable financial result. Due to higher declines in enrollment experienced during the COVID-19 pandemic, the School District used a decrease of 200 pupils for budget purposes. Although the major factor affecting enrollment continues to be the declining birth rates in Oakland County, the COVID-19 pandemic also continues to have an impact on enrollment. Many school districts in the Southeastern Michigan region made the decision to start the 2020-21 school year in a completely virtual mode as they continued to evaluate and determine the necessary safety measures that needed to be in place to safely reopen schools for face-to-face instruction. Unfortunately, this resulted in some parents choosing other educational options

for their children. Preliminary counts indicate that the pupil decline will be greater than what was budgeted as some parents have chosen to continue to home school or send their children to the same schools that they attended last year.

Accounting System, Budgetary, and Internal Control

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

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

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

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

Financial Policies

The following financial policies and practices of the School District had a significant impact on the School District's fiscal year 2020-2021 financial statements:

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

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

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

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

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

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

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

The assumed rate of return within the retirement plan has been reduced over the last few years to 7.05 percent, which has the net effect of increasing the value of the retirement obligation for the plan, which in turn increases the required contributions to the plan. Additionally, for staff hired on or after February 1, 2018, the default employee election will be into a defined contribution (DC) plan; however, an employee can elect the hybrid plan within a specified timeframe. Members opting to participate in the defined contribution (DC) plan are provided with a 50 percent employer match (up to 3 percent of salary) on employee contributions. This created a change in the District's cost of the benefit for employees new to the retirement system in February 2018. It is anticipated that funding will continue to be provided in 2020-21 to all public school districts to help offset the additional costs for these plan changes.

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

Major Initiatives

Strategic Planning – At the end of the 2016-17 school year, Farmington Public Schools engaged a committee to begin development of an updated Strategic Plan for the District. This committee reviewed the current state of the District, reviewed the District Vision, Mission and Desired Culture statements and identified four major goal areas for Farmington Public Schools to pursue. During the 2020-21 school year, this information was reviewed and restructured to support the overarching district priorities of equity and innovation. The 8 goal areas include Community Relations, Teaching and Learning, Creating a Culture for Equity and Innovation, Effective Management of Resources, Organizational Effectiveness, Leadership that Supports Equity and Innovation, Creating Systems for Equity and Innovation, and FPS Futures Committee.

District Equity Audit – An equity audit was conducted by US² during the 2020-21 school year. US² spoke with 623 stakeholders which included students, building administrators, staff members, parents, community members, board members and district administrators and received surveys back from 4,707 stakeholders. School virtual visits took place during March, April and May of 2021. Focus areas that were examined were:

- Representation/Policies & Procedures
- Culture
- Family & Community Engagement
- Teacher Leadership
- Instruction/Pedagogy
- Curriculum

US² compiled a report of findings as well as a summary of recommendations for the district, as an entity. The District is currently developing a 3 – 5 year plan to address the findings and recommendations.

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

School Improvement Process – Input from PLT's will inform each school's improvement plan and result in a coordinated District Improvement Plan that drives, supports and services, as well as necessary professional development. Successful re-accreditation by AdvancEd in 2020-21 provided feedback to improve our programs and services across the district.

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

Curriculum Alignment and Development – The proper alignment of all state approved standards for respective content areas including common assessments at all levels. As a result, our District is working collaboratively with Oakland Intermediate School District to develop curriculum maps, model units of study and assessment tools which better represent the learning outlined with Common Core. Eventually, these resources will be integrated by our PLT teams into their instructional practice. Science and social studies standards have been released and will continue to be worked on during the 2021-22 school year.

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

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

Capital Planning – On May 5, 2015, a \$131.5 million bond proposal was approved by voters. The proposal was the culmination of work that occurred during the 2013-14 fiscal year by the Capital Planning Advisory Committee. The committee presented its recommendations in the summer of 2014. The work of the Committee stemmed from the prior work of the Facilities Forward study team which created a broad vision to address the critical facilities needs across the district including learning spaces and tools to be able to support our staff in having what they need to achieve great results with their students. In addition, a Building and Site Utilization Committee provided a recommendation on the number of facilities that will be retained by the District. Their work was based upon enrollment trends, as the full amount of needs exceeded over \$140 million for the District to retain all existing buildings, but was reduced to incorporate enrollment trends. As part of the bond work, the District expanded and renovated one of its early childhood centers, Alameda, which will allow for all early childhood programs to operate in one building. The newly renovated and expanded site will open in the Fall of 2020 and will be renamed Farmington Early Childhood Center. Remaining bond dollars should be expended by June 30, 2023.

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

Independent Audit

The School District's financial statements were audited by Plante & Moran, PLLC, certified public accountants, as of June 30, 2021. Their audit was made in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*. The financial statements present fairly the financial position of Farmington Public School District at June 30, 2021. Their audit also included the single audit on federal awards, a copy of which can be obtained from the School District's business office.

Excellence in Financial Reporting

The School District is committed to providing its citizens and other users with comprehensive financial reporting. For school districts meeting the requirements of a Comprehensive Annual Financial Report, the Association of School Business Officials International (ASBO) awards a Certificate of Excellence in Financial Reporting. The School District received a Certificate of Excellence in Financial Reporting from the ASBO for its Comprehensive Annual Financial Report for the fiscal years ended June 30, 1997 through June 30, 2020.

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

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

Acknowledgments

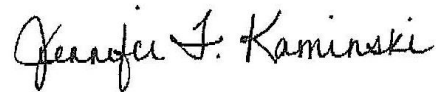
The preparation of this report on a timely basis could not have been accomplished without the effort and dedicated services of the entire staff of the business department. We would like to express our appreciation to all the members of this office who assisted in the timely closing of the School District's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

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

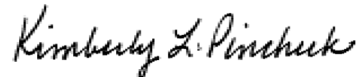
Sincerely,

A handwritten signature in black ink that reads "Christopher J. Delgado". The script is cursive and fluid.

Christopher J. Delgado, Ph.D.
Superintendent

A handwritten signature in black ink that reads "Jennifer F. Kaminski". The script is cursive and fluid.

Jennifer F. Kaminski
Assistant Superintendent for Business Services

A handwritten signature in black ink that reads "Kimberly L. Pincheck". The script is cursive and fluid.

Kimberly L. Pincheck
Finance Director

Farmington Public School District

District Officials

Administration

Dr. Christopher J. Delgado
Superintendent of Schools

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

Katherine M. Smith
Assistant Superintendent, Human
Resources and Talent Development

Jennifer F. Kaminski
Assistant Superintendent,
Business Services

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

Dr. Jacqueline D. McDougal
Executive Director, Student Services

Diane Bauman
Director, School & Community Services

Board of Education

Terri A. Weems
President

Zach T. Rich
Vice President

Claudia T. Heinrich
Treasurer

Angie F. Smith
Secretary

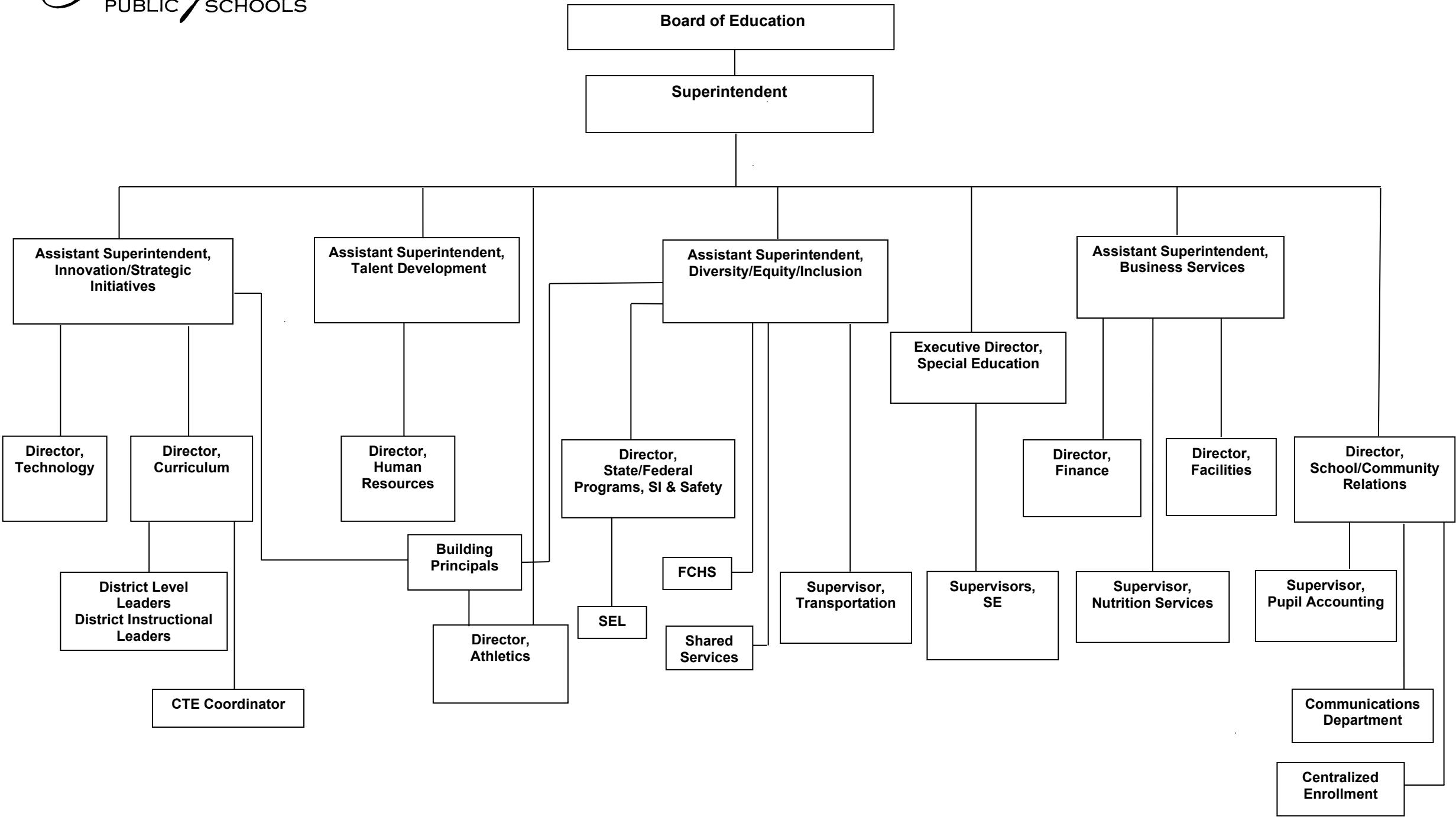
Dr. Cheryl B. Blau
Trustee

Mable S. Fox
Trustee

Donald Walker, Jr.
Trustee



SERVICE AREA CHART





ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

Farmington Public School District

**for its Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 2020.**

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



A handwritten signature in black ink, reading 'W. Edward Chabal'.

W. Edward Chabal
President

A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis
Executive Director

Independent Auditor's Report

To the Board of Education
Farmington Public School District

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of Matter

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

To the Board of Education
Farmington Public School District

Other Matters

Required Supplemental Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2021 on our consideration of Farmington Public School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Farmington Public School District's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 5, 2021

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

Using This Annual Report

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

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

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to Basic Financial Statements

Required Supplemental Information

Budgetary Information for Major Fund

Schedules of Proportionate Share of the Net Pension and OPEB Liabilities

Schedules of Pension and OPEB Contributions

Other Supplemental Information

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

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

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

Farmington Public School District

Management's Discussion and Analysis (Continued)

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

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

Reporting the School District's Fund Financial Statements

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

Governmental Funds

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

Proprietary Funds

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

Farmington Public 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, 2021 and 2020:

	Governmental Activities	
	2021	2020
	(in millions)	
Assets		
Current and other assets	\$ 141.7	\$ 137.5
Capital assets	172.9	170.6
Total assets	314.6	308.1
Deferred Outflows of Resources	73.5	90.3
Liabilities		
Current liabilities	30.4	24.6
Noncurrent liabilities	495.0	519.5
Total liabilities	525.4	544.1
Deferred Inflows of Resources	57.9	55.6
Net Position (Deficit)		
Net investment in capital assets	68.0	71.2
Restricted	3.3	3.5
Unrestricted	(266.5)	(276.0)
Total net position (deficit)	\$ (195.2)	\$ (201.3)

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 \$(195.2) million at June 30, 2021. Net investment in capital assets totaling \$68.0 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 (\$(266.5) million) was unrestricted.

The \$(266.5) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The unrestricted net position balance enables the School District to meet working capital and cash flow requirements and to provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

As required by the Governmental Accounting Standards Board (GASB), the School District adopted GASB Statement No. 84, *Fiduciary Activities*, as of July 1, 2020. This standard provides guidance on the identification and reporting of fiduciary activities and required the district to evaluate activities to determine if they were fiduciary in nature. The standard also changed the reporting and presentation requirements of fiduciary activities. The effect of the adoption on the governmental activities was to increase July 1, 2020 beginning net position by \$895,370, which represents the activities that used to be reported as fiduciary but are now reported as governmental under GASB 84. The governmental statement of net position at June 30, 2021 and statement of activities for the year ended June 30, 2021 include all the balances and transactions for those activities that used to be reported as fiduciary but are now reported as governmental. All school districts were required to adopt this new standard.

Farmington Public 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, 2021 and 2020:

	Governmental Activities	
	2021	2020
	(in millions)	
Revenue		
Program revenue:		
Charges for services	\$ 0.9	\$ 3.6
Operating grants	46.2	41.4
General revenue:		
Taxes	54.2	53.3
State aid not restricted to specific purposes	57.0	55.1
Other	0.5	0.8
Total revenue	158.8	154.2
Expenses		
Instruction	85.1	89.7
Support services	52.8	52.9
Athletics	1.4	1.5
Nutrition services	2.3	3.2
Community services	1.3	1.3
Interdistrict payments	1.0	1.2
Debt service	5.8	5.1
Depreciation expense (unallocated)	3.9	4.6
Total expenses	153.6	159.5
Change in Net Position	5.2	(5.3)
Net Position (Deficit) - Beginning of year (as restated)	(200.4)	(196.0)
Net Position (Deficit) - End of year	\$ (195.2)	\$ (201.3)

As reported in the statement of activities, the cost of all of our governmental activities this year was \$153.6 million. Certain activities were partially funded from those who benefited from the programs (\$0.9 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$46.2 million). We paid for the remaining public benefit portion of our governmental activities with \$54.2 million in taxes, \$57.0 million in state foundation allowance, and our other revenue (i.e., interest and general entitlements).

The School District experienced an increase in net position of \$5.2 million. Key reasons for the change in net position were the net effect of the investment in capital assets offset with the current year depreciation and General Fund operating revenue exceeding expenditures.

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

Farmington Public School District

Management's Discussion and Analysis (Continued)

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 \$110.4 million, which is a decrease of \$2.2 million from last year. The primary reasons for the decrease are as follows:

In the General Fund, our principal operating fund, the fund balance increased \$9.8 million to \$31.2 million. The change is due mainly to additional grant funding, as well as expenditures being less than projected due to reduced spending in purchased services and supplies as a result of school being virtual for the first half of the year due to the COVID-19 pandemic. Excluding federal and state grant budget variances, revenue exceeded projections by \$639,000, and expenditures were under projections by \$2.3 million.

Combined, the fund balance of our debt service funds decreased \$0.3 million. Millage rates were kept flat as property values increased. Millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service. Debt service fund balances are reserved since they can be used only to pay debt service obligations.

Combined, the fund balance of our capital project funds decreased \$11.6 million. This decrease is due primarily to continued construction related to the 2018 and 2020 bond issues. The 2018 bond construction projects are estimated to be approximately 89.2 percent complete at the end of the year, with the remaining funds expended in full by June 30, 2022.

The Maintenance/Bus Purchases capital projects fund was created during the 2004-2005 fiscal year to separate large capital and nonoperating expenditures from general operating obligations of the School District. Transfers from the General Fund are made to this fund based upon capital projects needs for future fiscal years. A transfer of \$600,000 was made during the year.

The Technology/Other Projects Fund was previously funded through transfers from the General Fund. These funds were used to purchase technology-related equipment. As pressures continued on General Fund operations, limited dollars, if any, were available to fund technology purchases. Therefore, a portion of the 2018 Building and Site Fund is being used to purchase technology infrastructure and technology-related equipment. A transfer of \$300,000 was made during the year to address future technology needs when bond dollars are fully expended from the 2020 bond issue.

With the adoption of GASB 84, the School District created the Student Activities special revenue fund to account for activities previously reported as fiduciary funds. The effect of the adoption was to increase July 1, 2020 beginning fund balance by \$0.9 million. Fund balance decreased for the year ended June 30, 2021 as a result of fewer opportunities for fundraising caused by the COVID-19 pandemic and the remote start to the school year.

General Fund Budgetary Highlights

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

There were significant revisions made to the 2020-2021 General Fund original budget. Budgeted revenue was increased by \$11.4 million due to a decrease in local revenue (\$2.0 million) for interest, tuition, rental, and other miscellaneous revenue; an increase in state revenue (\$6.7 million) due to restoration of the foundation allowance back to the previous year's level, as there was no shortfall in the State School Aid Fund as was previously projected; an increase in federal grant funds (\$6.1 million) based upon current grant awards mainly due to COVID-19 relief funds provided to schools; and an increase in interdistrict revenue (\$0.6 million) due to additional special education funding distributions from the intermediate school district.

Farmington Public School District

Management's Discussion and Analysis (Continued)

Budgeted expenditures were also increased by \$2.9 million to account for actual staffing in place and current contractual obligations, current grant awards (which included significant new federal dollars), and a decrease in purchased services and supplies resulting from the effects of COVID-19.

The difference between final budgeted revenue and actual revenue was \$2.8 million, or 1.9 percent less than budgeted. The difference, on a net basis, included lower than anticipated property taxes; an increase in state revenue due to property tax adjustments; more MPSERS retirement funding plus additional special education funding for section 52 and 53 students; and other state and federal revenue recorded based upon expenditures made, where these grants are budgeted at the full award amount.

The difference between final budgeted expenditures and actual expenditures was approximately \$5.7 million, or 4.1 percent less than budgeted. The reasons for the differences, on a net basis, are as follows:

- Grant expenditures, budgeted upon award amounts, were below projections by approximately \$3,700,000.
- Utility costs were under projections by approximately \$136,000.
- Employee wage and wage-related benefit costs were below projections by approximately \$203,000.
- Maintenance purchased services were below projections by \$215,000.
- Teacher and paraprofessional sub costs exceeded projections by approximately \$76,000.
- Workshops and conferences were below projections by approximately \$215,000.
- Contracted services for noon supervisors, bus aides, police liaison officers, and bookkeeping services were below projections by approximately \$82,000.
- Teaching supplies and textbook purchases were below projections by approximately \$339,000.
- Custodial, maintenance, office, and miscellaneous supplies were below projections by approximately \$289,000.
- Departmental budgets, on a net basis, were below projections by approximately \$100,000.
- Contracted services for custodial services were below projections by approximately \$115,000.
- Gas, oil, and repair parts costs were below projections by approximately \$181,000.
- Tax tribunal costs were below projections by approximately \$67,000.
- Tuition costs paid to other districts were below projections by \$164,000.

Farmington Public School District

Management's Discussion and Analysis (Continued)

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2021, the School District had \$172.9 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This represents a net increase (including additions, disposals, and depreciation) of approximately \$2.3 million from 2020 to 2021.

	Governmental Activities	
	2021	2020
Land	\$ 683,744	\$ 683,744
Construction in progress	2,321,948	6,739,160
Buildings and improvements	244,461,485	232,436,557
Furniture and equipment	21,633,000	20,766,288
Buses and other vehicles	11,746,875	11,491,447
Total capital assets	280,847,052	272,117,196
Less accumulated depreciation	107,931,158	101,503,393
Total capital assets - Net of accumulated depreciation	\$ 172,915,894	\$ 170,613,803

This year's additions of \$10.7 million included buses, HVAC equipment, cafeteria equipment, technology, building renovations, and furniture and equipment.

This year's disposals of \$1.9 million included the disposal of buses and obsolete furniture and equipment.

Debt

At the end of this year, the School District had \$160.0 million in bonds outstanding versus \$166.1 million in the previous year - a change of 3.7 percent. Those bonds consisted of the following:

	2021	2020
2015 general obligation bonds	\$ 56,320,000	\$ 59,085,000
2018 general obligation bonds	47,675,000	49,725,000
2020 general obligation bonds	56,015,000	57,265,000
Total	\$ 160,010,000	\$ 166,075,000

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

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

Farmington Public School District

Management's Discussion and Analysis (Continued)

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the School District's 2021-2022 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The 2021-2022 budget was adopted in June 2021 with a reduction in enrollment of 200 students, as the COVID-19 pandemic continues to create uncertainty about student count due to the prior year mainly operating in a virtual learning environment. Typically, the estimate is based upon the number of students who will enroll in September 2021. Approximately 68 percent of total General Fund revenue is from the foundation allowance. Under state law, the School District cannot assess additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2021 school year, we anticipate that the fall student count will be short of the estimates used in creating the 2022 budget. Once the final student count and related per pupil funding are validated, state law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations.

Since the School District's revenue is heavily dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenue to fund its appropriation to the School District. The State periodically holds a Revenue Estimating Conference to estimate revenue. Based on the results of the most recent conference, the State estimates funds are sufficient to fund all school districts at a targeted foundation allowance of \$8,700 per pupil. The School District will be able to levy its hold harmless per pupil of \$1,876, which brings the overall foundation allowance to \$10,576, an increase of \$171 from 2020-2021.

The School District settled contracts with all of its employee groups during 2020-2021. A three-year contract through August 23, 2024 was reached with its teachers, the Farmington Education Association (FEA). Step increases will occur for those on the step schedule for each of the three years. Increases to the salary schedules were provided for 2022, 2023, and 2024 and equal 2.0 percent, 1.50 percent, and 1.0 percent, respectively. Longevity payments increased and will continue to be paid to those eligible.

A three-year contract was settled through June 30, 2024 with the School District's paraprofessional and secretarial staff, the Educational Support Professionals (ESP), and with its bus drivers, the Farmington Transportation Association (FTA). Within the ESP contract, the two-tier pay structure was eliminated, and all employees moving from Tier 2 to Tier 1 were brought on closest to their current wage but no lower. Steps are provided for the second and third years of the contract and on schedule wage increases for the first two years ranged from 1 percent to 1.5 percent. Longevity payments also increased and will be paid to eligible employees. The FTA contract also eliminated its two-tier wage structure. The contract provides for movement to the new wage schedule in year one with 2 percent and 5 percent on-schedule increases for bus drivers and mechanics, respectively. The remaining two years of the contract provide for step movement for those eligible with a 1 percent increase on schedule. Health insurance deductions for bus drivers were reduced from 24 percent to 20 percent over a two-year period to bring them in line with other district employees.

A two-year contract was settled through June 30, 2023 for maintenance and nutrition staff, Farmington Maintenance and Cafeteria (FMC), and with its school administrators, the Farmington Association of School Administrators (FASA). The FMC contract provides for step movement and on-schedule wage increases in both years. The FASA contract eliminated its two-tier wage structure and provided for step movement and on-schedule wage increases in both years of the contract.

The continued impacts of COVID-19 will require the School District to carefully monitor its budget for 2021-2022. Decisions made at the federal and state level related to financial resources will also need to be monitored, as they will have a direct impact on the School District's budget. As information becomes known by the School District, the budget will be reviewed and adjusted as needed to ensure adequate resources are available both now and in the future.

Contacting the School District's Management

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

Farmington Public School District

Statement of Net Position

June 30, 2021

	Governmental Activities
Assets	
Cash and investments (Note 4)	\$ 47,430,023
Receivables:	
Taxes	62,000
Accounts receivable	25,146
Due from other governmental units	16,085,116
Inventory	105,226
Prepaid expenses	1,275,102
Restricted assets (Note 4)	76,742,325
Capital assets:	
Assets not subject to depreciation (Note 6)	3,005,692
Assets subject to depreciation - Less accumulated depreciation of \$107,931,158 (Note 6)	169,910,202
Total assets	314,640,832
Deferred Outflows of Resources	
Deferred pension costs (Note 10)	55,199,939
Deferred OPEB costs (Note 10)	18,259,225
Total deferred outflows of resources	73,459,164
Liabilities	
Accounts payable	4,192,068
Due to other governmental units	880,413
Accrued liabilities and other	22,517,361
Unearned revenue (Note 5)	2,799,584
Noncurrent liabilities:	
Due within one year (Note 8)	8,234,150
Due in more than one year:	
Compensated absences and other long-term liabilities (Note 8)	2,046,524
Net pension liability (Note 10)	273,709,279
Net OPEB liability (Note 10)	41,618,029
Bonds - Net of current portion (Note 8)	169,384,298
Total liabilities	525,381,706
Deferred Inflows of Resources	
Revenue in support of pension contributions made subsequent to the report date (Note 10)	10,049,722
Deferred pension cost reductions (Note 10)	11,967,128
Deferred OPEB cost reductions (Note 10)	35,887,345
Total deferred inflows of resources	57,904,195
Net Position (Deficit)	
Net investment in capital assets	68,022,521
Restricted:	
Debt service	88,859
Capital projects	1,887,550
Nutrition services	1,307,443
Unrestricted	(266,492,278)
Total net position (deficit)	\$ (195,185,905)

Farmington Public School District

Statement of Activities

Year Ended June 30, 2021

	Expenses	Program Revenue		Governmental Activities
		Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Functions/Programs				
Primary government - Governmental activities:				
Instruction	\$ 85,085,371	\$ 188,435	\$ 27,009,420	\$ (57,887,516)
Support services	52,841,038	178,503	16,620,089	(36,042,446)
Athletics	1,445,370	326,329	-	(1,119,041)
Nutrition services	2,291,990	77,558	2,462,975	248,543
Community services	1,297,075	240,929	-	(1,056,146)
Interdistrict payments	1,000,846	-	-	(1,000,846)
Interest on long-term debt and other	5,744,454	-	-	(5,744,454)
Other debt costs	52,477	-	-	(52,477)
Depreciation expense (unallocated)	3,945,005	-	-	(3,945,005)
Total primary government	\$ 153,703,626	\$ 1,011,754	\$ 46,092,484	(106,599,388)
General revenue:				
Taxes:				
Property taxes - Levied for general purposes				41,911,111
Property taxes - Levied for debt services				12,320,197
State aid not restricted to specific purposes				56,967,649
Interest and investment earnings				158,411
Loss on sale of capital assets (Note 6)				(12,661)
Other				450,217
Total general revenue				111,794,924
Change in Net Position				5,195,536
Net Position (Deficit) - Beginning of year (as restated) (Note 2)				(200,381,441)
Net Position (Deficit) - End of year				<u>\$(195,185,905)</u>

Farmington Public School District

Governmental Funds Balance Sheet

June 30, 2021

	General Fund	2020 Building and Site Fund	Nonmajor Funds	Total Governmental Funds
Assets				
Cash and investments (Note 4)	\$ 39,137,439	\$ -	\$ 2,829,354	\$ 41,966,793
Receivables:				
Taxes	62,000	-	-	62,000
Accounts receivable	24,006	-	1,140	25,146
Due from other governmental units	15,910,373	-	174,743	16,085,116
Due from other funds (Note 7)	159,288	-	1,540,132	1,699,420
Inventory	61,808	-	43,418	105,226
Prepaid expenses	1,231,167	-	-	1,231,167
Restricted assets (Note 4)	-	66,926,425	9,815,900	76,742,325
Total assets	\$ 56,586,081	\$ 66,926,425	\$ 14,404,687	\$ 137,917,193
Liabilities				
Accounts payable	\$ 1,180,236	\$ 1,191,580	\$ 678,404	\$ 3,050,220
Due to other governmental units	880,413	-	-	880,413
Due to other funds (Note 7)	1,540,132	-	159,288	1,699,420
Accrued payroll and other liabilities	19,073,465	-	24,708	19,098,173
Unearned revenue (Note 5)	2,680,272	-	119,312	2,799,584
Total liabilities	25,354,518	1,191,580	981,712	27,527,810
Fund Balances				
Nonspendable:				
Inventory	61,808	-	43,418	105,226
Prepays	1,231,167	-	-	1,231,167
Restricted:				
Debt service	-	-	1,170,000	1,170,000
Capital projects	-	65,734,845	7,993,326	73,728,171
Nutrition services	-	-	1,264,025	1,264,025
Committed:				
Capital projects	-	-	2,091,994	2,091,994
Contractual obligations - Retirement and sick pay	2,046,524	-	-	2,046,524
Contractual obligations - Vacation pay	363,666	-	-	363,666
Cash flow deficiency for 2021-2022	10,106,951	-	-	10,106,951
Student activities	-	-	860,212	860,212
Assigned:				
Subsequent year's budget	763,293	-	-	763,293
Instructional Initiatives	200,000	-	-	200,000
Unassigned	16,458,154	-	-	16,458,154
Total fund balances	31,231,563	65,734,845	13,422,975	110,389,383
Total liabilities and fund balances	\$ 56,586,081	\$ 66,926,425	\$ 14,404,687	\$ 137,917,193

Farmington Public School District

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

June 30, 2021

Fund Balances Reported in Governmental Funds	\$ 110,389,383
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	280,847,052
Accumulated depreciation	<u>(107,931,158)</u>
Net capital assets used in governmental activities	172,915,894
Bonds payable obligations are not due and payable in the current period and are not reported in the funds	(176,733,994)
Accrued interest is not due and payable in the current period and is not reported in the funds	(1,081,141)
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	(2,410,190)
Provision for health and/or workers' compensation claims not accounted for within the Internal Service Fund	(520,788)
Net pension liability and related deferred inflows and outflows	(230,476,468)
Net OPEB liability and related deferred inflows and outflows	(59,246,149)
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	(10,049,722)
Internal service funds are included as part of governmental activities	<u>2,027,270</u>
Net Position (Deficit) of Governmental Activities	<u><u>\$ (195,185,905)</u></u>

Farmington Public School District**Governmental Funds**
Statement of Revenue, Expenditures, and Changes in Fund Balances**Year Ended June 30, 2021**

	General Fund	2020 Building and Site Fund	Nonmajor Funds	Total Governmental Funds
Revenue				
Local sources	\$ 43,958,891	\$ 91,964	\$ 12,874,533	\$ 56,925,388
State sources	78,750,046	-	326,189	79,076,235
Federal sources	9,421,127	-	2,366,733	11,787,860
Interdistrict sources	12,176,602	-	-	12,176,602
Total revenue	144,306,666	91,964	15,567,455	159,966,085
Expenditures				
Current:				
Instruction	81,924,865	-	-	81,924,865
Support services	48,126,539	-	381,564	48,508,103
Athletics	1,435,124	-	-	1,435,124
Nutrition services	-	-	2,242,587	2,242,587
Community services	1,158,934	-	-	1,158,934
Debt service:				
Principal	-	-	6,065,000	6,065,000
Interest on long-term debt and other	-	-	6,780,776	6,780,776
Other debt costs	-	52,477	-	52,477
Capital outlay	66,409	2,113,186	10,782,463	12,962,058
Interdistrict payments	1,000,846	-	-	1,000,846
Total expenditures	133,712,717	2,165,663	26,252,390	162,130,770
Excess of Revenue Over (Under) Expenditures	10,593,949	(2,073,699)	(10,684,935)	(2,164,685)
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	8,191	-	-	8,191
Transfers in (Note 7)	138,519	-	900,000	1,038,519
Transfers out (Note 7)	(900,000)	-	(138,519)	(1,038,519)
Total other financing (uses) sources	(753,290)	-	761,481	8,191
Net Change in Fund Balances	9,840,659	(2,073,699)	(9,923,454)	(2,156,494)
Fund Balances - Beginning of year (as restated) (Note 2)	21,390,904	67,808,544	23,346,429	112,545,877
Fund Balances - End of year	<u>\$ 31,231,563</u>	<u>\$ 65,734,845</u>	<u>\$ 13,422,975</u>	<u>\$ 110,389,383</u>

Farmington Public 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, 2021

Net Change in Fund Balances Reported in Governmental Funds	\$ (2,156,494)
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	10,675,696
Depreciation expense	(8,352,753)
Net book value of assets disposed of	(20,852)
Revenue in support of pension contributions made subsequent to the measurement date	(1,054,263)
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt); amortization of premium/discounts and inflows/outflows related to bond refundings are not expenses in the governmental funds	7,059,696
Interest expense is recognized in the government-wide statements as it accrues	41,626
Some employee costs (pension, OPEB, compensated absences, and self-insurance liabilities) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	(605,388)
Internal service funds are included as part of governmental activities	(391,732)
Change in Net Position of Governmental Activities	<u><u>\$ 5,195,536</u></u>

Farmington Public School District

Proprietary Fund Statement of Net Position

June 30, 2021

	Benefit Stabilization Fund
Assets	
Current assets:	
Cash and investments (Note 4)	\$ 5,463,230
Prepaid expenses	<u>43,935</u>
Total assets	5,507,165
Liabilities	
Current liabilities:	
Accounts payable	1,141,848
Accrued other liabilities (Note 9)	<u>2,338,047</u>
Total liabilities	<u>3,479,895</u>
Net Position - Unrestricted	<u>\$ 2,027,270</u>

Farmington Public School District

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

Year Ended June 30, 2021

	Benefit Stabilization Fund
Operating Revenue	
Charges for services	\$ 15,031,883
Other	617,207
Total operating revenue	15,649,090
Operating Expenses - Cost of insurance claims	16,044,007
Operating Loss	(394,917)
Nonoperating Revenue - Interest income	3,185
Change in Net Position	(391,732)
Net Position - Beginning of year	2,419,002
Net Position - End of year	<u><u>\$ 2,027,270</u></u>

Farmington Public School District

Proprietary Fund Statement of Cash Flows

Year Ended June 30, 2021

	Benefit Stabilization Fund
Cash Flows from Operating Activities	
Receipts from interfund services	\$ 15,348,843
Claims paid and premiums paid	(15,657,748)
Other receipts	617,208
Net cash and cash equivalents provided by operating activities	308,303
Cash Flows Provided by Investing Activities - Interest	3,185
Net Increase in Cash and Cash Equivalents	311,488
Cash and Cash Equivalents - Beginning of year	5,151,742
Cash and Cash Equivalents - End of year	\$ 5,463,230
Reconciliation of Operating Loss to Net Cash from Operating Activities	
Operating loss	\$ (394,917)
Adjustments to reconcile operating loss to net cash from operating activities:	
Changes in assets and liabilities:	
Receivables	52,393
Deposits	264,712
Prepays	4,479
Due to and from other funds	(145)
Accounts payable	556,178
Accrued liabilities	(174,397)
Total adjustments	703,220
Net cash and cash equivalents provided by operating activities	\$ 308,303

June 30, 2021

Note 1 - Nature of Business

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

Note 2 - Significant Accounting Policies

Accounting and Reporting Principles

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

Reporting Entity

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

Report Presentation

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

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

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

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

Fund Accounting

Governmental Funds

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

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

June 30, 2021**Note 2 - Significant Accounting Policies (Continued)**

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

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

- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes.
- Capital projects funds are used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new school sites, buildings, and equipment; technology upgrades; and remodeling and repairs. The funds operate until the purpose for which they were created is accomplished.
- Debt service funds are used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on long-term debt.

Proprietary Funds

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

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

Interfund Activity

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

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

Basis of Accounting

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

June 30, 2021**Note 2 - Significant Accounting Policies (Continued)**

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

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

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

Specific Balances and Transactions**Cash and Investments**

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

Inventories and Prepaid Items

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

Restricted Assets

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

Capital Assets

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

June 30, 2021**Note 2 - Significant Accounting Policies (Continued)**

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

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

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

Long-term Obligations

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

Deferred Outflows/Inflows of Resources

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

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

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

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

Net Position

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

Net Position Flow Assumption

The School District will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the 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.

June 30, 2021**Note 2 - Significant Accounting Policies (Continued)****Fund Balance Flow Assumptions**

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

Fund Balance Policies

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

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

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

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

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

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

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

Property Tax Revenue

Property taxes are levied on July 1 for taxes due on August 31 and on December 1 for the remainder on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed. The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

June 30, 2021**Note 2 - Significant Accounting Policies (Continued)****Grants and Contributions**

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

Pension and Other Postemployment Benefit (OPEB) Plans

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

Compensated Absences (Vacation and Sick Leave)

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

Proprietary Funds Operating Classification

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

Tax Abatement

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

Use of Estimates

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

June 30, 2021

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

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The School District is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement were originally effective for the School District's financial statements for the year ended 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 were previously reported as fiduciary activities but no longer meet the definition of such; therefore, these activities are now reported within a nonmajor governmental special revenue fund.

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

	Governmental Activities	Governmental Funds
Net position (deficit)/fund balance - June 30, 2020 (as previously reported)	\$ (201,276,811)	\$ 111,650,507
Adjustment for GASB Statement No. 84 - To change fund type	895,370	895,370
Net position (deficit)/fund balance - June 30, 2020 (as restated)	<u>\$ (200,381,441)</u>	<u>\$ 112,545,877</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. All annual appropriations lapse at fiscal year end. The School District also elected to adopt annual budgets for its debt service funds and capital projects funds. The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. There were no significant amendments during the year.

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

June 30, 2021**Note 3 - Stewardship, Compliance, and Accountability (Continued)**

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders or contracts) outstanding at year end are reported as restrictions, commitments, or assignments of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be reappropriated and honored during the subsequent year. Since all encumbrances are budgeted for in 2021-2022, no encumbrances are included in assigned fund balance at June 30, 2021.

Excess of Expenditures Over Appropriations in Budgeted Funds

The School District did not have significant expenditure budget variances.

Capital Projects Fund Compliance

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

Note 4 - Deposits and Investments

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

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

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

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned to it. The School District's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level be used for the School District's deposits for custodial credit risk. The School District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories. At June 30, 2021, the School District did not have any deposit balance.

Custodial Credit Risk of Investments

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

June 30, 2021

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 policy minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; investing operating funds primarily in the shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools; and limiting the average maturity in accordance with the School District's cash requirements.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District's investment policy allows only purchases of commercial paper with ratings of A1/P1 and AA/Aa. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Value	Maturities	Rating	Rating Organization
Michigan Liquid Asset Fund - Cash Management Class	\$ 8,557,764	N/A 2a7 like pool	AAAm	S&P
Michigan Liquid Asset Fund - MAX Class	68,445,810	N/A 2a7 like pool	AAAm	S&P
Michigan Liquid Asset Fund - Term Series Sep 2021	6,000,000	7/15/2021	AAAkf	Kroll
Michigan Liquid Asset Fund - Term Series Sep 2021	16,000,000	8/2/2021	AAAkf	Kroll
Michigan Liquid Asset Fund - Term Series Sep 2022	5,300,000	10/21/2021	AAAkf	Kroll
Michigan Liquid Asset Fund - Term Series Sep 2022	20,000,000	3/25/2022	AAAkf	Kroll
Total	<u>\$ 124,303,574</u>			

Concentration of Credit Risk

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

Investment	Value	Percentage of Total Investments
Michigan Liquid Asset Fund - MAX Class	\$ 68,445,810	55.06

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.

June 30, 2021

Note 4 - Deposits and Investments (Continued)***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, where 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.

As of June 30, 2021, the fair value of the School District's investments in the MILAF Term Series was \$47,300,000. 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 5 - 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, 2021, the various components of unearned and unavailable revenue were as follows:

	Governmental Funds	
	Deferred Inflow - Unavailable	Liability - Unearned
Tuition and other	\$ -	\$ 378,778
Grant and categorical aid payment received prior to meeting all eligibility requirements	-	2,420,806
Total	<u>\$ -</u>	<u>\$ 2,799,584</u>

June 30, 2021
Note 6 - Capital Assets

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

	Balance July 1, 2020	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2021
Capital assets not being depreciated:					
Land	\$ 683,744	\$ -	\$ -	\$ -	\$ 683,744
Construction in progress	6,739,160	(12,887,134)	8,469,922	-	2,321,948
Subtotal	7,422,904	(12,887,134)	8,469,922	-	3,005,692
Capital assets being depreciated:					
Buildings and improvements	232,436,557	11,890,923	134,005	-	244,461,485
Furniture and equipment	20,766,288	996,211	1,110,754	(1,240,253)	21,633,000
Buses and vehicles	11,491,447	-	961,015	(705,587)	11,746,875
Subtotal	264,694,292	12,887,134	2,205,774	(1,945,840)	277,841,360
Accumulated depreciation:					
Buildings and improvements	79,443,968	-	6,971,171	-	86,415,139
Furniture and equipment	12,626,344	-	892,127	(1,219,401)	12,299,070
Buses and vehicles	9,433,081	-	489,455	(705,587)	9,216,949
Subtotal	101,503,393	-	8,352,753	(1,924,988)	107,931,158
Net capital assets being depreciated	163,190,899	12,887,134	(6,146,979)	(20,852)	169,910,202
Net capital assets	<u>\$ 170,613,803</u>	<u>\$ -</u>	<u>\$ 2,322,943</u>	<u>\$ (20,852)</u>	<u>\$ 172,915,894</u>

The School District received proceeds of \$8,191 and recognized a loss of \$12,661 on the disposal of fixed assets.

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

Governmental activities:	
Instruction	\$ 2,388,052
Support services	1,892,734
Community services	126,962
Unallocated	<u>3,945,005</u>
Total governmental activities	<u>\$ 8,352,753</u>

Construction Commitments

The School District has active construction projects at year end. The projects include the 2018 and 2020 bond issue. At year end, the School District's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
2018 bond issue	\$ 48,628,138	\$ 953,014
2020 bond issue	2,369,170	10,054,922

June 30, 2021

Note 7 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due To	Fund Due From		
	General Fund	Nonmajor Funds	Total
General Fund	\$ -	\$ 159,288	\$ 159,288
Nonmajor funds	1,540,132	-	1,540,132
Total	<u>\$ 1,540,132</u>	<u>\$ 159,288</u>	<u>\$ 1,699,420</u>

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

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Nonmajor governmental funds	\$ 900,000
Nonmajor governmental funds	General Fund	138,519
Total		<u>\$ 1,038,519</u>

General Fund transfers out are used by the applicable funds to support and maintain the operations of the funds for the purpose for which they were created. Nutrition services funds are transferred to the General Fund to cover indirect costs related to operations for the Nutrition Services Fund.

Note 8 - Long-term Debt

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
Other debt - General obligation	\$ 166,075,000	\$ -	\$ (6,065,000)	\$ 160,010,000	\$ 6,355,000
Unamortized bond premiums	17,718,690	-	(994,696)	16,723,994	994,696
Total bonds payable	183,793,690	-	(7,059,696)	176,733,994	7,349,696
Compensated absences	3,185,426	-	(775,236)	2,410,190	363,666
Workers' compensation	538,209	563,299	(580,720)	520,788	520,788
Total governmental activities long-term debt	<u>\$ 187,517,325</u>	<u>\$ 563,299</u>	<u>\$ (8,415,652)</u>	<u>\$ 179,664,972</u>	<u>\$ 8,234,150</u>

June 30, 2021

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

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

Purpose	Remaining Annual Installments	Interest Rate (Percent)	Maturing May 1	Outstanding
\$81,050,000 qualified serial bonds (2015 issue)	\$2,915,000 - \$5,145,000	5.00	2035	\$ 56,320,000
\$54,675,000 qualified serial bonds (2018 issue)	\$2,100,000 - \$3,800,000	3.00 - 4.50	2038	47,675,000
\$57,265,000 qualified serial bonds (2020 issue)	\$875,000 - \$8,875,000	4.00 - 5.00	2040	56,015,000
Total governmental activities				<u>\$ 160,010,000</u>

Debt Service Requirements to Maturity

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

Years Ending June 30	Governmental Activities		
	Other Debt		
	Principal	Interest	Total
2022	\$ 6,355,000	\$ 6,773,444	\$ 13,128,444
2023	6,695,000	6,511,094	13,206,094
2024	6,315,000	6,234,094	12,549,094
2025	6,680,000	5,971,594	12,651,594
2026	6,950,000	5,683,594	12,633,594
2027-2031	39,535,000	23,629,626	63,164,626
2032-2036	48,505,000	14,172,876	62,677,876
2037-2040	38,975,000	3,821,376	42,796,376
Total	<u>\$ 160,010,000</u>	<u>\$ 72,797,698</u>	<u>\$ 232,807,698</u>

Note 9 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District participates in Middle Cities Risk Management Trust risk pool for claims relating to property loss, torts, and errors and omissions. The School District is partially insured for workers' compensation and medical claims.

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

June 30, 2021

Note 9 - Risk Management (Continued)

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

The School District estimates the liability for workers' compensation claims that have been incurred through the end of the fiscal year, including claims that have been reported and those that have not yet been reported. These estimates are recorded as long-term debt in the government-wide financial statements, as they are not considered due at June 30. At June 30, 2021, \$520,788 is recorded as long-term debt.

The School District is self-insured for medical claims. The School District estimates the liability for medical claims that have been incurred through the end of the fiscal year, including claims that have been reported, as well as those that have not yet been reported. These estimates are recorded as accrued liabilities in the Internal Service Fund. At June 30, 2021, the estimated liability for these medical claims totals \$2,338,047.

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

	Workers' Compensation		Medical	
	2021	2020	2021	2020
Estimated liability - Beginning of year	\$ 538,209	\$ 222,489	\$ 2,512,444	\$ 2,561,093
Estimated claims incurred, including changes in estimates	563,299	674,050	14,202,029	13,356,731
Claim payments	(580,720)	(358,330)	(14,376,426)	(13,405,380)
Estimated liability - End of year	<u>\$ 520,788</u>	<u>\$ 538,209</u>	<u>\$ 2,338,047</u>	<u>\$ 2,512,444</u>

Note 10 - Michigan Public School Employees' Retirement System***Plan Description***

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

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

Benefits Provided

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

June 30, 2021**Note 10 - Michigan Public School Employees' Retirement System (Continued)**

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.

Contributions

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

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

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

June 30, 2021

Note 10 - Michigan Public School Employees' Retirement System (Continued)

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

The ranges of rates are as follows:

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

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

The School District's required and actual pension contributions to the plan for the year ended June 30, 2021 were \$22,971,609, 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 \$10,049,722 in revenue received from the State of Michigan and remitted to the System to fund the MPERS unfunded actuarial accrued liability (UAAL) stabilization rate for the year ended June 30, 2021.

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2021 were \$5,700,976, which include the School District's contributions required for those members with a defined contribution benefit.

Net Pension Liability

At June 30, 2021, the School District reported a liability of \$273,709,279 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2019, which used update procedures to roll forward the estimated liability to September 30, 2020. The School District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2020 and 2019, the School District's proportion was 0.80 and 0.82 percent, respectively, representing a change of (3.40) percent.

Net OPEB Liability

At June 30, 2021, the School District reported a liability of \$41,618,029 for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2021 was measured as of September 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2019, which used update procedures to roll forward the estimated liability to September 30, 2020. The School District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2020 and 2019, the School District's proportion was 0.78 and 0.82 percent, respectively, representing a change of (5.24) percent.

June 30, 2021

Note 10 - Michigan Public School Employees' Retirement System (Continued)***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

For 2021, the School District recognized pension expense of \$31,307,789, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 4,182,053	\$ (584,192)
Changes in assumptions	30,329,627	-
Net difference between projected and actual earnings on pension plan investments	1,150,004	-
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	-	(11,382,936)
The School District's contributions to the plan subsequent to the measurement date	19,538,255	-
Total	<u>\$ 55,199,939</u>	<u>\$ (11,967,128)</u>

The \$10,049,722 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ending June 30, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2022	\$ 10,857,529
2023	8,172,779
2024	3,722,804
2025	941,444
Total	<u>\$ 23,694,556</u>

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

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

For the year ended June 30, 2021, the School District recognized OPEB recovery of \$2,363,161.

June 30, 2021

Note 10 - Michigan Public School Employees' Retirement System (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (31,009,322)
Changes in assumptions	13,722,291	-
Net difference between projected and actual earnings on OPEB plan investments	347,349	-
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	12,322	(4,878,023)
Employer contributions to the plan subsequent to the measurement date	4,177,263	-
Total	<u>\$ 18,259,225</u>	<u>\$ (35,887,345)</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):

Years Ending	Amount
2022	\$ (5,812,544)
2023	(5,332,576)
2024	(4,423,219)
2025	(3,447,608)
2026	(2,789,436)
Total	<u>\$ (21,805,383)</u>

Actuarial Assumptions

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

Actuarial cost method	Entry age normal
Investment rate of return - Pension	6.00% - 6.80%
Investment rate of return - OPEB	6.95%
Salary increases	2.75% - 11.55%
Health care cost trend rate - OPEB	7.0%
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%

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.

June 30, 2021

Note 10 - Michigan Public School Employees' Retirement System (Continued)

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

Discount Rate

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

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

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

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

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

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

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

	1 Percentage Point Decrease (5.00 - 5.80%)	Current Discount Rate (6.00 - 6.80%)	1 Percentage Point Increase (7.00 - 7.80%)
Net pension liability of the School District	\$ 354,270,230	\$ 273,709,279	\$ 206,942,206

June 30, 2021

Note 10 - Michigan Public School Employees' Retirement System (Continued)***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	\$ 53,463,089	\$ 41,618,029	\$ 31,645,482

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

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

	1 Percentage Point Decrease (6.00%)	Current Rate (7.00%)	1 Percentage Point Increase (8.00%)
Net OPEB liability of the School District	\$ 31,263,652	\$ 41,618,029	\$ 53,394,856

Pension Plan and OPEB Plan Fiduciary Net Position

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

Payable to the Pension Plan and OPEB Plan

At June 30, 2021, the School District reported a payable of \$4,491,124 and \$770,675 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2021.

Note 11 - Contingent Liabilities

The School District is subject to various legal proceedings and claims that arise in the ordinary course of its business. The School District believes that the amount, if any, of ultimate liability with respect to legal actions will be insignificant or will be covered by insurance.

Required Supplemental Information

Farmington Public School District

Required Supplemental Information Budgetary Comparison Schedule General Fund

Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue				
Local sources	\$ 46,043,781	\$ 44,013,143	\$ 43,958,891	\$ (54,252)
State sources	71,571,118	78,288,936	78,750,046	461,110
Federal sources	6,455,329	12,551,483	9,421,127	(3,130,356)
Interdistrict sources	11,600,037	12,227,823	12,176,602	(51,221)
Total revenue	135,670,265	147,081,385	144,306,666	(2,774,719)
Expenditures				
Current:				
Instruction:				
Basic programs	61,218,300	61,621,030	62,249,274	628,244
Added needs	21,936,794	21,451,605	19,522,878	(1,928,727)
Adult/Continuing education	176,414	192,959	189,560	(3,399)
Total instruction	83,331,508	83,265,594	81,961,712	(1,303,882)
Support services:				
Pupil	13,996,127	13,713,991	13,472,739	(241,252)
Instructional staff	7,111,865	7,667,434	6,145,215	(1,522,219)
General administration	1,614,904	1,794,057	1,788,738	(5,319)
School administration	6,642,846	6,954,340	6,767,690	(186,650)
Business	1,386,483	1,352,409	1,282,934	(69,475)
Operations and maintenance	8,630,916	10,995,088	9,893,156	(1,101,932)
Pupil transportation services	6,443,270	5,170,434	4,394,010	(776,424)
Central	3,222,556	3,246,207	3,263,980	17,773
Other	-	1,142,162	1,147,639	5,477
Total support services	49,048,967	52,036,122	48,156,101	(3,880,021)
Athletics	1,592,873	1,349,926	1,435,124	85,198
Community services	1,351,755	1,637,322	1,158,934	(478,388)
Interdistrict payments	1,225,561	1,153,307	1,000,846	(152,461)
Total expenditures	136,550,664	139,442,271	133,712,717	(5,729,554)
Excess of Revenue (Under) Over Expenditures	(880,399)	7,639,114	10,593,949	2,954,835
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	25,000	25,000	8,191	(16,809)
Transfers in	176,203	171,561	138,519	(33,042)
Transfers out	-	(900,000)	(900,000)	-
Total other financing sources (uses)	201,203	(703,439)	(753,290)	(49,851)
Net Change in Fund Balance	(679,196)	6,935,675	9,840,659	2,904,984
Fund Balance - Beginning of year	21,390,904	21,390,904	21,390,904	-
Fund Balance - End of year	\$ 20,711,708	\$ 28,326,579	\$ 31,231,563	\$ 2,904,984

See notes to required supplemental information.

Farmington Public School District

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

	Last Seven Plan Years Plan Years Ended September 30						
	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.79680 %	0.82486 %	0.83564 %	0.85024 %	0.91075 %	0.96979 %	1.00461 %
School District's proportionate share of the net pension liability	\$ 273,709,279	\$ 273,164,256	\$ 251,209,675	\$ 220,333,627	\$ 227,224,167	\$ 236,872,217	\$ 221,281,477
School District's covered payroll	\$ 68,477,779	\$ 71,385,804	\$ 70,402,116	\$ 69,554,738	\$ 74,553,881	\$ 80,556,310	\$ 85,259,183
School District's proportionate share of the net pension liability as a percentage of its covered payroll	399.71 %	382.66 %	356.82 %	316.78 %	304.78 %	294.05 %	259.54 %
Plan fiduciary net position as a percentage of total pension liability	59.49 %	60.08 %	62.12 %	63.96 %	63.01 %	62.92 %	66.15 %

Farmington Public School District

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

	Last Seven Fiscal Years Years Ended June 30						
	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 22,649,203	\$ 21,739,509	\$ 21,669,555	\$ 21,055,508	\$ 19,972,010	\$ 20,859,210	\$ 15,602,264
Contributions in relation to the statutorily required contribution	22,649,203	21,739,509	21,669,555	21,055,508	19,972,010	20,859,210	15,602,264
Contribution Excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's Covered Payroll	\$ 67,043,340	\$ 69,479,774	\$ 71,456,642	\$ 70,148,520	\$ 69,805,215	\$ 73,117,969	\$ 81,965,999
Contributions as a Percentage of Covered Payroll	33.78 %	31.29 %	30.33 %	30.02 %	28.61 %	28.53 %	19.04 %

Farmington Public School District

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

	Last Four Plan Years			
	Plan Years Ended September 30			
	2020	2019	2018	2017
School District's proportion of the net OPEB liability	0.77685 %	0.81985 %	0.82904 %	0.85123 %
School District's proportionate share of the net OPEB liability	\$ 41,618,029	\$ 58,846,764	\$ 65,900,323	\$ 75,380,729
School District's covered payroll	\$ 68,477,779	\$ 71,385,804	\$ 70,402,116	\$ 69,554,738
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	60.78 %	82.43 %	93.61 %	108.38 %
Plan fiduciary net position as a percentage of total OPEB liability	59.76 %	48.67 %	43.10 %	36.53 %

Farmington Public School District

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

	Last Four Fiscal Years			
	Years Ended June 30			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 5,520,920	\$ 5,547,682	\$ 5,588,588	\$ 5,057,398
Contributions in relation to the statutorily required contribution	<u>5,520,920</u>	<u>5,547,682</u>	<u>5,588,588</u>	<u>5,057,398</u>
Contribution Excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 67,043,340	\$ 69,479,774	\$ 71,456,642	\$ 70,148,520
Contributions as a Percentage of Covered Payroll	8.23 %	7.98 %	7.82 %	7.21 %

June 30, 2021

Budgetary Information

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

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

The School District did not have significant expenditure budget variances.

Pension Information

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

Benefit Changes

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

Changes in Assumptions

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

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

OPEB Information

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

Benefit Changes

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

Changes in Assumptions

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

- 2020 - The health care cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50 percentage points. This, in addition to actual per person health benefit costs being lower than projected, reduced the plan's total OPEB liability by an additional \$1.8 billion in 2020.

June 30, 2021

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

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

Other Supplemental Information

Farmington Public School District

Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds

June 30, 2021

	Special Revenue Funds		Debt Service Funds			Capital Project Funds			
	Nutrition Services	Student Activities	2015 Issue	2018 Issue	2020 Issue	Technology/ Other Projects	Maintenance/ Bus Purchases	2018 Building and Site	Total
Assets									
Cash and investments	\$ 1,384,635	\$ 892,857	\$ -	\$ -	\$ -	\$ 551,862	\$ -	\$ -	\$ 2,829,354
Receivables:									
Accounts receivable	-	1,140	-	-	-	-	-	-	1,140
Due from other governmental units	159,743	-	5,000	5,000	5,000	-	-	-	174,743
Due from other funds	-	-	-	(50,256)	50,256	-	1,540,132	-	1,540,132
Inventory	43,418	-	-	-	-	-	-	-	43,418
Restricted assets	-	-	541,479	387,370	226,151	-	-	8,660,900	9,815,900
Total assets	<u>\$ 1,587,796</u>	<u>\$ 893,997</u>	<u>\$ 546,479</u>	<u>\$ 342,114</u>	<u>\$ 281,407</u>	<u>\$ 551,862</u>	<u>\$ 1,540,132</u>	<u>\$ 8,660,900</u>	<u>\$ 14,404,687</u>
Liabilities									
Accounts payable	\$ 31,869	\$ 27,823	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 618,712	\$ 678,404
Due to other funds	105,301	5,125	-	-	-	-	-	48,862	159,288
Accrued liabilities and other	23,871	837	-	-	-	-	-	-	24,708
Unearned revenue	119,312	-	-	-	-	-	-	-	119,312
Total liabilities	280,353	33,785	-	-	-	-	-	667,574	981,712
Fund Balances									
Nonspendable - Inventory	43,418	-	-	-	-	-	-	-	43,418
Restricted:									
Debt service	-	-	546,479	342,114	281,407	-	-	-	1,170,000
Capital projects	-	-	-	-	-	-	-	7,993,326	7,993,326
Nutrition services	1,264,025	-	-	-	-	-	-	-	1,264,025
Committed:									
Capital projects	-	-	-	-	-	551,862	1,540,132	-	2,091,994
Student activities	-	860,212	-	-	-	-	-	-	860,212
Total fund balances	1,307,443	860,212	546,479	342,114	281,407	551,862	1,540,132	7,993,326	13,422,975
Total liabilities and fund balances	<u>\$ 1,587,796</u>	<u>\$ 893,997</u>	<u>\$ 546,479</u>	<u>\$ 342,114</u>	<u>\$ 281,407</u>	<u>\$ 551,862</u>	<u>\$ 1,540,132</u>	<u>\$ 8,660,900</u>	<u>\$ 14,404,687</u>

Farmington Public School District

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

Year Ended June 30, 2021

	Special Revenue Funds		Debt Service Funds			Capital Project Funds			
	Nutrition Services	Student Activities	2015 Issue	2018 Issue	2020 Issue	Technology/ Other Projects	Maintenance/ Bus Purchases	2018 Building and Site	Total
Revenue									
Local sources	\$ 78,640	\$ 346,406	\$ 5,314,272	\$ 3,388,478	\$ 3,620,653	\$ 218	\$ -	\$ 125,866	\$ 12,874,533
State sources	155,101	-	73,782	47,049	50,257	-	-	-	326,189
Federal sources	2,307,874	-	-	-	-	-	-	58,859	2,366,733
Total revenue	2,541,615	346,406	5,388,054	3,435,527	3,670,910	218	-	184,725	15,567,455
Expenditures									
Current:									
Student activities	-	381,564	-	-	-	-	-	-	381,564
Nutrition services	2,242,587	-	-	-	-	-	-	-	2,242,587
Debt service:									
Principal	-	-	2,765,000	2,050,000	1,250,000	-	-	-	6,065,000
Interest on long-term debt and other	-	-	2,965,696	1,675,577	2,139,503	-	-	-	6,780,776
Capital outlay	201,746	-	-	-	-	-	-	10,580,717	10,782,463
Total expenditures	2,444,333	381,564	5,730,696	3,725,577	3,389,503	-	-	10,580,717	26,252,390
Excess of Revenue Over (Under) Expenditures	97,282	(35,158)	(342,642)	(290,050)	281,407	218	-	(10,395,992)	(10,684,935)
Other Financing Sources (Uses)									
Transfers in	-	-	-	-	-	300,000	600,000	-	900,000
Transfers out	(138,519)	-	-	-	-	-	-	-	(138,519)
Total other financing (uses) sources	(138,519)	-	-	-	-	300,000	600,000	-	761,481
Net Change in Fund Balances	(41,237)	(35,158)	(342,642)	(290,050)	281,407	300,218	600,000	(10,395,992)	(9,923,454)
Fund Balances - Beginning of year (as restated)	1,348,680	895,370	889,121	632,164	-	251,644	940,132	18,389,318	23,346,429
Fund Balances - End of year	<u>\$ 1,307,443</u>	<u>\$ 860,212</u>	<u>\$ 546,479</u>	<u>\$ 342,114</u>	<u>\$ 281,407</u>	<u>\$ 551,862</u>	<u>\$ 1,540,132</u>	<u>\$ 7,993,326</u>	<u>\$ 13,422,975</u>

Farmington Public School District**Other Supplemental Information
Budgetary Comparison Schedule - Nonmajor Funds
Nutrition Services****Year Ended June 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Revenue				
Local sources	\$ 1,585,663	\$ 33,100	\$ 78,640	\$ 45,540
State sources	142,527	142,668	155,101	12,433
Federal sources	<u>1,868,327</u>	<u>2,115,086</u>	<u>2,307,874</u>	<u>192,788</u>
Total revenue	3,596,517	2,290,854	2,541,615	250,761
Expenditures - Current - Nutrition services	<u>3,654,308</u>	<u>2,599,963</u>	<u>2,444,333</u>	<u>(155,630)</u>
Excess of Revenue (Under) Over Expenditures	(57,791)	(309,109)	97,282	406,391
Other Financing Sources (Uses) - Transfers in (out)	<u>70,852</u>	<u>73,900</u>	<u>(138,519)</u>	<u>(212,419)</u>
Net Change in Fund Balance	13,061	(235,209)	(41,237)	193,972
Fund Balance - Beginning of year	<u>1,348,680</u>	<u>1,348,680</u>	<u>1,348,680</u>	-
Fund Balance - End of year	<u><u>\$ 1,361,741</u></u>	<u><u>\$ 1,113,471</u></u>	<u><u>\$ 1,307,443</u></u>	<u><u>\$ 193,972</u></u>

Farmington Public School District

Other Supplemental Information
Budgetary Comparison Schedule - Nonmajor Funds (Continued)
Student Activities

Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue - Local	\$ 1,400,000	\$ 200,000	\$ 346,406	\$ 146,406
Expenditures - Student activities	1,400,000	200,000	381,564	181,564
Net Change in Fund Balance	-	-	(35,158)	(35,158)
Fund Balance - Beginning of year	895,370	895,370	895,370	-
Fund Balance - End of year	<u><u>\$ 895,370</u></u>	<u><u>\$ 895,370</u></u>	<u><u>\$ 860,212</u></u>	<u><u>\$ (35,158)</u></u>

Farmington Public School District

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

Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Under Final Budget
Revenue - Local sources	\$ 1,500	\$ 1,500	\$ 218	\$ (1,282)
Expenditures	-	-	-	-
Excess of Revenue Over Expenditures	1,500	1,500	218	(1,282)
Other Financing Sources - Transfers in	-	300,000	300,000	-
Net Change in Fund Balance	1,500	301,500	300,218	(1,282)
Fund Balance - Beginning of year	251,644	251,644	251,644	-
Fund Balance - End of year	<u><u>\$ 253,144</u></u>	<u><u>\$ 553,144</u></u>	<u><u>\$ 551,862</u></u>	<u><u>\$ (1,282)</u></u>

Farmington Public School District

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

Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue	\$ -	\$ -	\$ -	\$ -
Expenditures	-	-	-	-
Other Financing Sources - Transfers in	-	600,000	600,000	-
Net Change in Fund Balance	-	600,000	600,000	-
Fund Balance - Beginning of year	940,132	940,132	940,132	-
Fund Balance - End of year	<u><u>\$ 940,132</u></u>	<u><u>\$ 1,540,132</u></u>	<u><u>\$ 1,540,132</u></u>	<u><u>\$ -</u></u>

Farmington Public School District

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

	Year Ended June 30, 2021			
	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue				
Local sources	\$ 12,406,589	\$ 12,323,404	\$ 12,323,403	\$ (1)
State sources	157,757	171,088	171,088	-
Total revenue	12,564,346	12,494,492	12,494,491	(1)
Expenditures				
Debt service:				
Principal	6,065,000	6,065,000	6,065,000	-
Interest on long-term debt and other	6,847,933	6,780,777	6,780,776	(1)
Total expenditures	12,912,933	12,845,777	12,845,776	(1)
Net Change in Fund Balance	(348,587)	(351,285)	(351,285)	-
Fund Balance - Beginning of year	1,521,285	1,521,285	1,521,285	-
Fund Balance - End of year	<u><u>\$ 1,172,698</u></u>	<u><u>\$ 1,170,000</u></u>	<u><u>\$ 1,170,000</u></u>	<u><u>\$ -</u></u>

Farmington Public School District

Other Supplemental Information Schedule of Bonded Indebtedness

June 30, 2021

<u>Years Ending June 30</u>	<u>2015 Issue</u> <u>Principal</u>	<u>2018 Issue</u> <u>Principal</u>	<u>2020 Issue</u> <u>Principal</u>
2022	\$ 2,915,000	\$ 2,100,000	\$ 1,340,000
2023	3,070,000	2,150,000	1,475,000
2024	3,215,000	2,225,000	875,000
2025	3,380,000	2,300,000	1,000,000
2026	3,550,000	2,350,000	1,050,000
2027	3,725,000	2,425,000	1,100,000
2028	3,905,000	2,500,000	1,150,000
2029	4,090,000	2,600,000	1,200,000
2030	4,285,000	2,675,000	1,275,000
2031	4,480,000	2,775,000	1,350,000
2032	4,675,000	2,900,000	1,400,000
2033	4,845,000	3,050,000	1,500,000
2034	5,040,000	3,200,000	1,550,000
2035	5,145,000	3,375,000	1,650,000
2036	-	3,575,000	6,600,000
2037	-	3,675,000	6,775,000
2038	-	3,800,000	6,975,000
2039	-	-	8,875,000
2040	-	-	8,875,000
Total remaining payments	<u>\$ 56,320,000</u>	<u>\$ 47,675,000</u>	<u>\$ 56,015,000</u>
Principal payments due	May 1	May 1	May 1
Interest payments due	May 1 and November 1	May 1 and November 1	May 1 and November 1
Interest rate	5.00%	3.00% to 4.50%	4.00% to 5.00%
Original issue	<u>\$ 81,050,000</u>	<u>\$ 54,675,000</u>	<u>\$ 57,265,000</u>

Cash and Investments

Farmington Public School District

Other Supplemental Information Schedule of Cash, Cash Equivalents, and Investments

June 30, 2021

Fund	Types of Investment	Interest Rate (Percent)	Cost
General	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	\$ 2,543,990
	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	841,819
	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	389,100
	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	105,262
	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	35,285,480
	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	10,673
	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	92,516
	Total General Fund		39,268,840
Special Revenue	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	1,384,635
	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	892,682
	Total Special Revenue		2,277,317
Debt Service	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	1,155,000
Capital Projects	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	551,862
	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	8,660,900
	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	66,926,425
Internal Service	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	5,463,230
	Total cash, cash equivalents, and investments		\$ 124,303,574

Note: Balances represent balances from the bank statements at June 30, 2021

Capital Assets and Accumulated Depreciation

Farmington Public School District

	Cost					Total
	Land	Buildings and Building Improvements	Furniture and Equipment	Buses and Other Vehicles	Construction in Progress	
Elementary Schools						
Beechview	\$ 25,250	\$ 7,665,064	\$ 326,302	\$ -	\$ -	\$ 8,016,616
Forest	31,980	7,021,760	445,673	-	336,224	7,835,637
Gill	4,137	7,586,576	752,316	-	289,035	8,632,064
Hillside	16,301	9,322,654	513,165	-	-	9,852,120
Kenbrook	24,900	9,702,029	419,015	-	-	10,145,944
Lanigan	37,800	8,128,528	538,389	-	374,041	9,078,758
Longacre	30,300	7,827,460	457,826	-	-	8,315,586
Wood Creek	4,391	6,426,298	581,089	-	-	7,011,778
K-8 School						
Farmington STEAM Academy	36,000	17,336,518	867,738	-	-	18,240,256
Middle Schools						
East	57,500	18,085,686	1,200,172	-	1,084,342	20,427,700
Power	4,137	13,319,687	1,163,465	-	-	14,487,289
Warner	180,000	16,633,081	876,293	-	-	17,689,374
High Schools						
Farmington	1	45,655,394	2,900,739	-	3,064	48,559,198
North	117,600	43,429,846	3,626,798	-	10,097	47,184,341
Alameda Early Childhood Center	53,447	10,756,156	823,836	-	-	11,633,439
Highmeadow Common Campus	49,226	4,789,985	258,830	-	-	5,098,041
Shiawassee Complex	-	4,571,925	5,050,336	-	225,145	9,847,406
Maxfield Training Center	-	-	-	-	-	-
Farmington Community School	6,501	1,668,447	116,126	-	-	1,791,074
Maintenance	4,273	311,009	600,025	-	-	915,307
Visions/Cloverdale	-	4,223,382	114,867	-	-	4,338,249
Alternative Academy	-	-	-	-	-	-
Vehicles	-	-	-	11,746,875	-	11,746,875
Total	\$ 683,744	\$ 244,461,485	\$21,633,000	\$ 11,746,875	\$ 2,321,948	\$ 280,847,052

Other Supplemental Information

Schedule of Capital Assets and Accumulated Depreciation

June 30, 2021

Accumulated Depreciation			
Buildings and Building Improvements	Furniture and Equipment	Buses and Other Vehicles	Total
\$ 2,118,993	\$ 159,498	\$ -	\$ 2,278,491
2,057,810	201,423	-	2,259,233
2,556,473	354,933	-	2,911,406
4,565,464	233,981	-	4,799,445
2,675,288	185,697	-	2,860,985
2,704,309	291,132	-	2,995,441
2,643,349	190,175	-	2,833,524
2,696,533	268,224	-	2,964,757
6,675,957	421,375	-	7,097,332
6,476,204	607,359	-	7,083,563
5,016,201	482,308	-	5,498,509
5,188,346	330,293	-	5,518,639
18,595,517	1,525,115	-	20,120,632
15,669,726	1,927,882	-	17,597,608
763,034	46,425	-	809,459
1,749,759	131,601	-	1,881,360
1,730,700	4,238,022	-	5,968,722
-	-	-	-
894,408	102,061	-	996,469
230,318	511,893	-	742,211
1,406,750	89,673	-	1,496,423
-	-	-	-
-	-	9,216,949	9,216,949
\$ 86,415,139	\$ 12,299,070	\$ 9,216,949	\$ 107,931,158

Statistical Section

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

Contents

Financial Trend Information

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

Revenue Capacity Information

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

Debt Capacity Information

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

Demographic and Economic Information

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

Operating Information

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

Farmington Public School District

	As of June 30,			
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental Activities:				
Net investment in capital assets	\$ 76,376,114	\$ 78,514,622	\$ 80,942,482	\$ 82,595,528
Restricted	2,924,431	3,359,899	3,769,752	2,986,963
Unrestricted	<u>19,064,510</u>	<u>14,026,621</u>	<u>9,003,324</u>	<u>(222,340,637)</u>
Total net position	<u>\$ 98,365,055</u>	<u>\$ 95,901,142</u>	<u>\$ 93,715,558</u>	<u>\$ (136,758,146)</u>

Source: Farmington Public School District audited financial statements

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

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

Financial Trend Information
Net Position by Component
Governmental Activities

Last Ten Fiscal Years

As of June 30,					
<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 85,948,397	\$ 88,245,459	\$ 88,960,987	\$ 74,934,436	\$ 71,246,936	\$ 68,022,521
1,042,446	1,362,602	2,618,786	2,681,756	3,518,237	3,283,852
(218,066,275)	(211,170,358)	(278,624,856)	(273,622,807)	(276,041,984)	(266,492,278)
<u>\$ (131,075,432)</u>	<u>\$ (121,562,297)</u>	<u>\$ (187,045,083)</u>	<u>\$ (196,006,615)</u>	<u>\$ (201,276,811)</u>	<u>\$ (195,185,905)</u>

Farmington Public School District

	As of June 30,			
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Expenses				
Governmental activities:				
Instruction	\$ 93,536,609	\$ 94,544,880	\$ 93,402,687	\$ 95,922,327
Support services	56,592,666	56,068,389	54,103,272	55,576,921
Nutrition services	3,607,330	3,676,910	3,648,056	3,676,318
Athletics	2,117,510	2,030,460	1,972,380	1,799,480
Community services	1,277,959	1,453,986	1,351,112	1,441,845
Interest on long-term debt and other	2,178,688	2,584,156	1,682,306	2,313,319
Depreciation (unallocated)	<u>2,993,638</u>	<u>3,041,878</u>	<u>3,054,974</u>	<u>3,012,856</u>
Total governmental activities	162,304,400	163,400,659	159,214,787	163,743,066
Program revenue				
Charges for services:				
Instruction	179,451	152,904	141,332	155,792
Support services	325,541	398,305	384,303	386,105
Food services	2,337,041	2,248,048	2,177,921	2,220,997
Athletics	727,394	668,356	657,129	651,087
Community services	981,483	1,164,022	1,126,506	1,135,108
Operating grants and contributions	<u>35,132,402</u>	<u>32,699,534</u>	<u>32,930,138</u>	<u>33,771,843</u>
Total program revenue	<u>39,683,312</u>	<u>37,331,169</u>	<u>37,417,329</u>	<u>38,320,932</u>
Net (expense) revenue	(122,621,088)	(126,069,490)	(121,797,458)	(125,422,134)
General Revenue				
Property taxes	52,972,802	52,169,541	50,140,673	47,981,086
State aid not restricted to specific purposes	66,742,219	68,638,365	67,506,547	68,748,701
Federal sources - unrestricted	101,444	-	-	-
Investment earnings	171,338	54,150	61,865	7,883
Other	<u>785,373</u>	<u>1,624,004</u>	<u>1,902,789</u>	<u>2,156,945</u>
Total general revenue	120,773,176	122,486,060	119,611,874	118,894,615
Special Item	-	1,119,517	-	-
Change in Net Position	<u>\$ (1,847,912)</u>	<u>\$ (2,463,913)</u>	<u>\$ (2,185,584)</u>	<u>\$ (6,527,519)</u>

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

Source: Farmington Public School District audited financial statements

Financial Trend Information

Changes in Governmental Net Position

Last Ten Fiscal Years

As of June 30,					
<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 89,144,470	\$ 83,023,833	\$ 82,284,322	\$ 84,797,861	\$ 89,682,813	\$ 85,085,371
50,369,101	47,348,639	46,716,391	50,241,412	52,891,179	52,841,038
3,754,799	3,263,892	3,476,209	3,287,761	1,482,167	2,291,990
1,788,212	1,871,122	1,841,765	1,816,325	3,190,774	1,445,370
1,579,754	1,413,280	1,345,953	1,289,169	1,286,765	1,297,075
3,685,573	3,125,884	3,733,345	5,463,229	6,299,759	6,797,777
2,991,551	2,843,930	4,535,757	4,949,376	4,635,558	3,945,005
<u>153,313,460</u>	<u>142,890,580</u>	<u>143,933,742</u>	<u>151,845,133</u>	<u>159,469,015</u>	<u>153,703,626</u>
167,783	183,938	676,910	711,205	739,441	188,435
390,693	407,735	313,074	474,899	244,407	178,503
2,240,900	2,000,464	2,017,007	2,109,968	1,422,338	77,558
637,501	653,934	625,659	656,161	469,314	326,329
1,064,660	1,032,701	897,554	973,242	608,827	240,929
32,384,317	38,679,893	40,589,208	38,884,270	41,441,121	46,092,484
<u>36,885,854</u>	<u>42,958,665</u>	<u>45,119,412</u>	<u>43,809,745</u>	<u>44,925,448</u>	<u>47,104,238</u>
(116,427,606)	(99,931,915)	(98,814,330)	(108,035,388)	(114,543,567)	(106,599,388)
51,629,686	50,893,808	50,523,428	51,864,257	53,301,213	54,231,308
68,498,645	58,042,621	58,583,743	57,987,402	55,114,928	56,967,649
-	-	-	-	-	-
623,038	494,663	642,894	1,643,441	1,067,399	158,225
1,358,951	13,958	6,214	(12,421,244)	(210,169)	437,742
<u>122,110,320</u>	<u>109,445,050</u>	<u>109,756,279</u>	<u>99,073,856</u>	<u>109,273,371</u>	<u>111,794,924</u>
-	-	-	-	-	-
<u>\$ 5,682,714</u>	<u>\$ 9,513,135</u>	<u>\$ 10,941,949</u>	<u>\$ (8,961,532)</u>	<u>\$ (5,270,196)</u>	<u>\$ 5,195,536</u>

Farmington Public School District

	As of June 30,			
	2012	2013	2014	2015
General Fund:				
Nonspendable	\$ 1,770,361	\$ 1,113,025	\$ 835,743	\$ 661,116
Committed	3,412,671	4,051,511	6,801,338	3,000,517
Assigned	11,524,781	5,483,769	4,330,988	4,698,095
Unassigned	7,403,671	8,471,478	-	-
Total general fund	<u>\$ 24,111,484</u>	<u>\$ 19,119,783</u>	<u>\$ 11,968,069</u>	<u>\$ 8,359,728</u>
All other governmental funds:				
Nonspendable, reported in:				
Special revenue funds	33,577	35,196	39,470	34,038
Restricted, reported in:				
Special revenue funds	2,729,715	2,830,677	2,943,868	2,952,925
Debt service funds	161,139	494,026	786,414	227,029
Capital projects fund - bonded	-	-	-	76,602,905
Committed, reported in:				
Capital project funds	1,348,633	601,477	579,928	146,116
Student activities	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 4,273,064</u>	<u>\$ 3,961,376</u>	<u>\$ 4,349,680</u>	<u>\$ 79,963,013</u>

Source: Farmington Public School District audited financial statements

Financial Trend Information

Fund Balances - Governmental Funds

Last Ten Fiscal Years

As of June 30,					
<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 746,904	\$ 734,773	\$ 1,157,411	\$ 1,412,287	\$ 1,389,599	\$ 1,292,975
6,336,300	7,161,263	5,152,597	11,272,098	10,842,949	12,517,141
3,359,655	1,673,715	-	-	679,196	963,293
2,259,671	5,322,980	9,140,094	5,480,191	8,479,160	16,458,154
<u>\$ 12,702,530</u>	<u>\$ 14,892,731</u>	<u>\$ 15,450,102</u>	<u>\$ 18,164,576</u>	<u>\$ 21,390,904</u>	<u>\$ 31,231,563</u>
38,302	30,063	48,873	27,882	52,523	43,418
1,067,900	1,177,781	1,030,408	1,292,774	1,296,157	1,264,025
754,951	865,773	1,054,390	1,028,557	1,521,285	1,170,000
68,361,556	32,514,535	56,262,566	35,327,259	86,197,862	73,728,171
117,434	117,837	118,517	500,962	1,191,776	2,091,994
-	-	-	-	-	860,212
-	-	-	-	-	-
<u>\$ 70,340,143</u>	<u>\$ 34,705,989</u>	<u>\$ 58,514,754</u>	<u>\$ 38,177,434</u>	<u>\$ 90,259,603</u>	<u>\$ 79,157,820</u>

Farmington Public School District

	As of June 30,			
	2012	2013	2014	2015
Revenue				
Local revenue	\$ 59,203,322	\$ 58,180,291	\$ 56,401,936	\$ 54,255,170
State revenue	80,024,841	82,047,166	81,213,142	83,101,032
Federal revenue	6,675,500	5,718,440	5,707,257	5,731,381
Interdistrict revenue	14,565,989	12,923,811	12,682,208	12,694,664
Total revenue	160,469,652	158,869,708	156,004,543	155,782,247
Expenditures				
Current:				
Instruction	90,714,416	91,818,639	92,780,320	92,034,829
Support services	54,791,172	54,251,823	53,564,499	53,105,932
Community services	1,257,702	1,433,219	1,329,693	1,424,828
Nutrition services	3,584,696	3,658,731	3,646,676	3,676,318
Athletics	2,117,510	2,030,460	1,972,380	1,799,480
Debt service:				
Principal	5,830,000	6,025,000	6,350,000	6,150,000
Debt issuance costs	-	128,622	-	537,564
Interest	2,207,345	1,983,642	1,638,386	1,771,184
Intergovernmental payments	820,803	662,217	592,863	434,061
Capital Outlay	5,904,662	3,431,896	901,333	518,875
Total expenditures	167,228,306	165,424,249	162,776,150	161,453,071
Excess of Revenue (Under) Over	(6,758,654)	(6,554,541)	(6,771,607)	(5,670,824)
Other Financing Sources (Uses)				
Debt issuance	-	11,180,000	-	81,050,000
Premium on debt issued	-	1,304,740	-	9,186,782
Sale of capital assets	12,207	1,119,518	8,197	502,255
Transfers in	11,419,878	9,591,991	8,220,060	8,479,893
Transfers out	(11,419,878)	(9,591,991)	(8,220,060)	(8,479,893)
Payments to bond escrow agent	-	(12,353,106)	-	(13,063,221)
Total other financing sources (uses)	12,207	1,251,152	8,197	77,675,816
Net change in fund balances	(6,746,447)	(5,303,389)	(6,763,410)	72,004,992
Fund Balances - Beginning of year	35,130,995	28,384,548	23,081,159	16,317,749
Fund Balances - End of year	\$ 28,384,548	\$ 23,081,159	\$ 16,317,749	\$ 88,322,741
Debt service as a percentage of noncapital expenditures	5.27%	5.31%	5.21%	5.56%

Source: Farmington Public School District audited financial statements

Financial Trend Information

Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years

As of June 30,					
2016	2017	2018	2019	2020	2021
\$ 57,914,213	\$ 56,823,935	\$ 56,820,326	\$ 59,272,881	\$ 58,995,894	\$ 56,925,388
82,062,850	79,540,215	80,753,569	79,439,607	77,900,206	79,076,235
5,608,374	5,073,500	4,584,875	6,552,413	6,015,529	11,787,860
11,788,943	11,318,752	10,973,273	11,615,912	11,362,842	12,176,602
157,374,380	152,756,402	153,132,043	156,880,813	154,274,471	159,966,085
85,548,608	84,698,693	85,131,450	85,128,370	83,267,562	81,924,865
48,240,724	46,227,964	47,646,320	48,694,856	47,408,343	48,508,103
1,496,704	1,417,606	1,395,012	1,297,459	1,199,880	1,158,934
3,651,062	3,291,564	3,547,386	3,320,045	3,077,384	2,242,587
1,788,212	1,887,855	1,903,395	1,844,753	1,429,971	1,435,124
7,215,000	7,430,000	7,455,000	6,900,000	7,035,000	6,065,000
-	-	556,576	-	326,626	57,891
3,725,090	4,044,991	3,740,820	5,085,422	4,933,121	6,775,362
678,074	812,115	777,328	922,418	1,157,458	1,000,846
11,295,327	35,856,729	31,982,988	22,374,148	17,954,133	12,962,058
163,638,801	185,667,517	184,136,275	175,567,471	167,789,478	162,130,770
(6,264,421)	(32,911,115)	(31,004,232)	(18,686,658)	(13,515,007)	(2,164,685)
-	-	54,675,000	-	57,265,000	-
-	-	562,493	-	10,855,498	-
532,260	9,255	42,875	1,063,812	703,006	8,191
266,955	173,592	177,675	547,542	999,165	1,038,519
(266,955)	(173,592)	(177,675)	(547,542)	(999,165)	(1,038,519)
-	-	-	-	-	-
532,260	9,255	55,280,368	1,063,812	68,823,504	8,191
(5,732,161)	(32,901,860)	24,276,136	(17,622,846)	55,308,497	(2,156,494)
88,322,741	82,590,580	49,688,720	73,964,856	56,342,010	112,545,877
\$ 82,590,580	\$ 49,688,720	\$ 73,964,856	\$ 56,342,010	\$ 111,650,507	\$ 110,389,383
7.77%	8.34%	8.42%	8.54%	9.01%	9.54%

Farmington Public School District

Taxable Value by Property Type

Real Property					
Tax Year	Residential	Commercial	Industrial	Personal Property*	Commercial Personal Property
2011	2,204,586,330	866,304,300	143,820,720	N/A	141,735,540
2012	2,128,956,830	785,323,570	101,290,930	N/A	135,583,780
2013	2,152,620,080	731,842,410	92,365,090	N/A	137,119,430
2014	2,206,252,830	695,602,580	91,896,530	N/A	120,006,060
2015	2,279,432,190	695,770,180	94,275,590	N/A	124,588,940
2016	2,323,967,980	697,227,610	92,660,800	N/A	121,347,540
2017	2,394,338,920	717,326,830	94,328,290	N/A	123,873,610
2018	2,486,688,870	741,540,180	104,608,030	N/A	122,285,560
2019	2,591,755,350	773,336,870	111,015,520	N/A	128,999,420
2020	2,694,273,080	808,369,840	119,721,280	N/A	127,860,260

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

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

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

Source: Oakland County Form L-4028

Revenue Capacity Information

Taxable Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

Taxable Value by Property Type

Industrial Personal Property	Utility Personal Property	Total Value	Tax rate (mills)	Estimated Actual Value	Taxable Value as a % of Actual
			Homestead/Non- Homestead		
78,913,080	43,622,360	3,478,982,330	12.3334/20.1800	6,957,964,660	50.00%
77,025,150	44,594,630	3,272,774,890	13.3810/20.5600	6,545,549,780	50.00%
75,384,170	48,422,550	3,237,753,730	13.0150/20.5600	6,475,507,460	50.00%
76,000,470	49,097,810	3,238,856,280	11.7472/20.2600	6,477,712,560	50.00%
76,455,060	52,464,870	3,322,986,830	12.4418/21.4400	6,645,973,660	50.00%
34,303,610	55,425,380	3,324,932,920	12.1482/21.4400	6,649,865,840	50.00%
29,731,320	60,536,590	3,420,135,560	11.4628/21.3000	6,840,271,120	50.00%
26,284,020	63,545,460	3,544,952,120	11.3026/21.3000	7,089,904,240	50.00%
20,678,430	75,280,180	3,701,065,770	10.8634/21.3000	7,402,131,540	50.00%
18,778,930	82,232,230	3,851,235,620	10.4451/21.2000	7,702,471,240	50.00%

Farmington Public School District

Millage rates - direct city taxes						
Operating				Total Direct Taxes		
Fiscal Year						
Tax Year	Ended June 30	Homestead	Non-homestead	Debt*	Homestead	Non-homestead
2011	2012	10.1534	18.0000	2.1800	12.3334	20.1800
2012	2013	10.8210	18.0000	2.5600	13.3810	20.5600
2013	2014	10.4550	18.0000	2.5600	13.0150	20.5600
2014	2015	9.4872	18.0000	2.2600	11.7472	20.2600
2015	2016	9.0018	18.0000	3.4400	12.4418	21.4400
2016	2017	8.7082	18.0000	3.4400	12.1482	21.4400
2017	2018	8.1268	18.0000	3.3000	11.4268	21.3000
2018	2019	8.0026	18.0000	3.3000	11.3026	21.3000
2019	2020	7.5434	18.0000	3.3000	10.8634	21.3000
2020	2021	7.2451	18.0000	3.2000	10.4451	21.2000

* Debt millage applies to homestead and nonhomestead property.

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

Revenue Capacity Information

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

Overlapping taxes

Oakland County	Oakland Community College	Oakland Intermediate School District	State Education	City of Farmington	City of Farmington Hills	Township of West Bloomfield
4.7461	1.5844	3.3690	6.0000	16.5856	12.2036	11.9347
4.9461	1.5844	3.3690	6.0000	16.5856	13.9392	12.2537
4.9461	1.5844	3.3690	6.0000	16.5856	13.9392	12.2550
4.0019	1.5844	3.3690	6.0000	16.5856	13.9394	12.2550
4.0900	1.5819	3.3633	6.0000	15.0000	14.3908	12.2112
4.2800	1.5708	3.3980	6.0000	15.0000	14.3200	12.1700
4.4908	1.5555	3.3079	6.0000	15.0000	14.6569	12.0487
4.0400	1.5431	3.2813	6.0000	15.5000	14.5797	11.9618
4.0400	1.5303	3.2539	6.0000	18.4322	17.1905	11.8579
4.0200	1.5184	3.2280	6.0000	18.3559	17.0017	11.7840

Revenue Capacity Information Principal Property Taxpayers

Current and Nine Years Ago

		2020 Taxable	% of			% of	2011
	<u>Taxpayer</u>	<u>Value</u>	<u>total</u>	<u>Taxpayer</u>	<u>2011 Taxable Value</u>	<u>total</u>	<u>Rank</u>
1	Oakland Management Co.	\$ 68,818,010	1.91%	Oakland Management Co.	\$ 50,676,050	1.46%	1
2	DTE Energy	40,332,110	1.12%	FH Corportate Investors (Kojaian)	41,546,880	1.19%	2
3	Consumers Energy	26,739,290	0.74%	Nissan Corp.	31,407,770	0.90%	4
4	Independence Green Assoc LLC	20,857,370	0.58%	Robert Bosch Corp.	33,201,120	0.95%	3
5	FH Corportate Investors (Kojaian)	19,100,950	0.53%	DTE Energy	27,465,890	0.79%	5
6	Green Hill Apts.	18,844,130	0.52%	Arboretum Development	18,830,220	0.54%	6
7	Nissan Corp.	15,081,960	0.42%	Ramco/Lion Venture LP	16,841,770	0.48%	8
8	Ramco/Lion Venture LP	14,207,260	0.39%	Chrysler Financial Company	17,398,430	0.50%	7
9	Finsilver Friedman	13,850,330	0.39%	Aimco (Independence Green)	-	0.00%	-
10	Hartman & Tyner	13,598,860	0.38%	Green Hill Apts.	16,377,630	0.47%	9
	Total	\$ 251,430,270	6.98%		\$ 253,745,760	7.28%	
	Total School District						
	Taxable Value	\$ 3,851,235,620			\$ 3,478,982,330		

Source: Cities of Farmington and Farmington Hills

Farmington Public School District

Revenue Capacity Information Property Tax Levies and Collections

Last Ten Fiscal Years

Tax Year	Year ended June 30,	Total levy	Current collections (1)	Percent collected	Delinquent collections (2)	Total tax collections	Percent of levy collected
2011	2012	52,916,609	52,764,189	99.71%	1,398	52,868,451	99.91%
2012	2013	52,079,493	51,994,900	99.84%	4,548	52,055,771	99.95%
2013	2014	50,765,606	50,678,031	99.83%	41,439	50,719,470	99.91%
2014	2015	47,485,452	47,382,532	99.78%	-	47,382,532	99.78%
2015	2016	51,359,325	51,260,368	99.81%	-	51,260,368	99.81%
2016	2017	50,919,669	50,893,807	99.95%	-	50,893,807	99.95%
2017	2018	50,581,629	50,523,427	99.88%	-	50,523,427	99.88%
2018	2019	51,757,190	51,671,366	99.83%	-	51,671,366	99.83%
2019	2020	53,113,716	52,982,308	99.75%	-	52,982,308	99.75%
2020	2021	54,088,446	53,980,248	99.80%	-	53,980,248	99.80%

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

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

Source: Farmington Public School District audited financial statements

	As of June 30,			
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental Activities:				
General obligation bonds	\$ 41,595,000	\$ 34,925,000	\$ 28,575,000	\$ 90,170,000
Less: pledged debt service funds	-	-	-	-
Net general bonded debt	41,595,000	34,925,000	28,575,000	90,170,000
Installment purchase agreements	-	-	-	-
Capital leases	-	-	-	-
Total debt of school district	<u>41,595,000</u>	<u>34,925,000</u>	<u>28,575,000</u>	<u>90,170,000</u>
Taxable Value	6,957,964,660	6,545,549,780	6,475,507,460	6,477,712,560
Net general bonded obligation debt as a percentage of taxable value	0.60%	0.53%	0.44%	1.39%
Total Population	89,500	83,700	84,300	84,300
Total debt per capita	\$ 465	\$ 417	\$ 339	\$ 1,070
Per capita personal income	\$ 37,187	\$ 37,187	\$ 37,187	\$ 37,187
Total debt to per capita personal income	1119:1	939:1	768:1	2425:1

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

Sources: Farmington Public School District audited financial statements

Population information obtained from Southeastern Michigan Council of Governments

Debt Capacity Information Ratios of Outstanding Debt

Last Ten Fiscal Years

As of June 30,					
<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 82,955,000	\$ 75,525,000	\$ 122,745,000	\$ 115,845,000	\$ 166,075,000	\$ 160,010,000
-	-	-	-	-	-
82,955,000	75,525,000	122,745,000	115,845,000	166,075,000	160,010,000
-	-	-	-	-	-
-	-	-	-	-	-
82,955,000	75,525,000	122,745,000	115,845,000	166,075,000	160,010,000
6,645,973,660	6,649,865,840	6,840,271,120	7,089,904,240	9,382,768,362	7,687,337,680
1.25%	1.14%	1.79%	1.63%	1.77%	2.08%
84,300	84,300	91,600	91,500	91,500	91,700
\$ 984	\$ 896	\$ 1,340	\$ 1,266	\$ 1,815	\$ 1,745
\$ 37,187	\$ 37,187	\$ 40,089	\$ 40,920	\$ 44,263	\$ 45,156
2231:1	2031:1	3062:1	2831:1	3752:1	3543:1

Farmington Public School District

Debt Capacity Information Direct and Overlapping Governmental Activities Debt

June 30, 2021

Governmental unit	Debt outstanding	Estimated percent applicable	Estimated share of overlapping debt
City of Farmington	\$ 16,115,000	100.00%	\$ 16,115,000
City of Farmington Hills	62,571,660	92.76%	58,041,472
Township of West Bloomfield	48,370,766	3.54%	1,712,325
Oakland County	256,754,549	6.11%	15,687,703
Oakland Intermediate School District	42,045,000	6.13%	2,577,359
Total overlapping debt			94,133,859
Direct district debt			166,010,000
Total direct and overlapping debt			<u>\$ 260,143,859</u>

Source: Municipal Advisory Council of Michigan, September 2021

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

Farmington Public School District

	As of June 30,			
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Calculation of debt limit				
State equalized valuation (SEV)	\$ 3,508,724,740	\$ 3,306,721,310	\$ 3,281,856,510	\$ 3,458,703,200
15% of state equalized valuation (SEV)	526,308,711	496,008,197	492,278,477	518,805,480
Calculation of debt subject to limit				
Total debt	41,595,000	34,925,000	28,575,000	90,170,000
Less debt not subject to limit:				
State qualified debt issuance	<u>(41,595,000)</u>	<u>(34,925,000)</u>	<u>(28,575,000)</u>	<u>(9,120,000)</u>
Net debt subject to limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,050,000</u>
Legal debt margin	<u>526,308,711</u>	<u>496,008,197</u>	<u>492,278,477</u>	<u>437,755,480</u>
Net debt subject to limit as a percentage of debt limit	0.00%	0.00%	0.00%	15.62%

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

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

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

Source: School District audited financial statements

Debt Capacity Information

Legal Debt Margin

Last Ten Fiscal Years

As of June 30,					
<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 3,770,509,520	\$ 3,994,121,140	\$ 4,228,770,840	\$ 4,425,044,500	\$ 4,702,442,020	\$ 5,235,479,320
565,576,428	599,118,171	634,315,626	663,756,675	705,366,303	785,321,898
82,955,000	75,525,000	122,745,000	115,845,000	166,075,000	160,010,000
(7,055,000)	(4,800,000)	(2,500,000)	-	-	-
<u>75,900,000</u>	<u>70,725,000</u>	<u>120,245,000</u>	<u>115,845,000</u>	<u>166,075,000</u>	<u>160,010,000</u>
<u>489,676,428</u>	<u>528,393,171</u>	<u>514,070,626</u>	<u>547,911,675</u>	<u>539,291,303</u>	<u>625,311,898</u>
13.42%	11.80%	18.96%	17.45%	23.54%	20.38%

Farmington Public School District

Demographic and Economic Information

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal year	Population	Total Personal Income	Per Capita Personal	Unemployment rate
			Income	
2012	89,500	3,328,237	37,187	7.53%
2013	83,700	3,112,552	37,187	7.38%
2014	84,300	3,134,864	37,187	6.26%
2015	84,300	3,134,864	37,187	3.73%
2016	84,300	3,134,864	37,187	2.90%
2017	91,600	3,556,828	38,830	4.30%
2018	91,600	3,672,152	40,089	3.80%
2019	91,500	3,668,418	40,092	4.00%
2020	91,500	4,050,064	44,263	8.70%
2021	91,700	4,140,805	45,156	3.90%

Sources: U.S. Bureau of the Census, Census 2020
Michigan Department of Labor and Economic Growth
Southeast Michigan Council of Governments

Farmington Public School District

Demographic and Economic Information Principal Employers

Employer	2021 Employees	Percentage of total	2012 Employees	Percentage of total
1 Beaumont Hospital - Farmington Hills	2,800	3.16%	2,000	4.80%
2 Robert Bosch Corporation	1,400	1.58%	1,600	3.80%
3 Nissan Technical Center North America	1,200	1.35%	500	1.20%
4 Hitachi	1,200	1.35%	-	0.00%
5 Farmington Public Schools	1,100	1.24%	1,400	3.30%
6 TRW Automotive Electronics	650	0.73%	600	1.40%
7 Mercedes-Benz Financial Services	650	0.73%	600	1.40%
8 Concentrix	550	0.00%	-	0.00%
9 Cengage Learning Gale	500	0.56%	850	2.00%
10 Mahle	500	0.56%	-	0.00%
 Total principal employers	 <u>10,550</u>	 11.27%	 <u>7,550</u>	 17.90%
 Total employment	 <u>88,720</u>		 <u>41,938</u>	

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

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

Farmington Public School District

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

Source: Farmington Public School District Personnel Department

Operating Information
Full-Time Equivalent School District Employees

Last Ten Fiscal Years

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
701	701	707	726	716	704
413	350	351	355	361	348
3	3	3	3	3	3
2	2	2	2	2	2
69	63	63	63	63	63
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
1,188	1,119	1,126	1,149	1,145	1,120
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Farmington Public School District

Operating Information Operating Indicators

Last Ten Fiscal Years

Year	Enrollment	Operating expenditures	Cost per pupil	Operating revenue	Revenue per pupil	Total teaching staff	Percentage of students qualifying for free/reduced meals	Average teacher salary
2012	11,335	139,722,381	12,327	131,000,311	11,557	800	23.80%	76,621
2013	11,149	140,796,620	12,629	130,457,034	11,701	820	23.08%	75,303
2014	10,776	143,417,384	13,309	129,848,413	12,050	794	23.68%	75,930
2015	10,332	141,740,089	13,719	129,912,019	12,574	762	23.51%	76,625
2016	10,097	137,710,021	13,639	141,274,125	13,992	663	21.80%	75,627
2017	9,719	135,139,630	13,905	137,236,964	14,120	661	23.30%	76,176
2018	9,669	136,966,622	14,166	137,213,443	14,191	675	26.93%	76,087
2019	9,550	138,205,540	14,472	140,071,260	14,667	684	26.84%	76,586
2020	9,433	134,585,729	14,268	137,672,209	14,595	682	26.49%	75,421
2021	9,401	133,712,717	14,223	144,306,666	15,350	659	27.29%	74,391

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

Farmington Public School District

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

* Enrollment is based upon the fall head count of pupils.

Source: Farmington Public School District

Operating Information Capital Asset Information

Last Ten Fiscal Years

As of June 30,

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
9	9	8	8	8	8
459,488	459,488	423,652	423,652	423,652	423,652
4,389	4,389	4,103	4,103	4,103	4,103
3,351	3,950	3,471	3,597	3,652	3,535
2	-	-	-	-	-
209,452	-	-	-	-	-
1,830	-	-	-	-	-
1,322	-	-	-	-	-
-	-	1	1	1	1
-	-	84,720	84,720	84,720	84,720
-	-	896	896	896	896
-	-	598	699	717	721
2	3	3	3	3	3
232,200	344,452	348,552	348,552	348,552	348,552
1,848	2,782	2,832	2,832	2,832	2,832
1,530	2,035	1,903	1,813	1,816	1,765
3	3	3	3	2	2
734,412	734,412	734,412	734,412	489,105	489,105
3,856	3,856	3,856	3,856	2,372	2,372
3,544	3,364	3,242	3,057	2,860	2,738
4	4	5	5	5	5
112,532	112,532	135,323	135,323	135,323	135,323
605	605	941	941	941	941
248	245	252	244	240	236
3	3	3	3	3	3
77,588	77,588	77,588	77,588	77,588	77,588
1	1	1	1	1	1
95	95	95	95	95	95
15	15	15	15	13	13
5	5	5	5	5	5
31	31	31	31	28	28
3	3	3	3	2	2
14	14	14	14	14	14