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# Wayne-Westland Community Schools

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

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## **Independent Auditor's Report**

To the Board of Education  
Wayne-Westland Community Schools

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

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

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

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

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

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

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

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

#### ***Opinions***

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

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

As discussed in Note 3 to the financial statements, as of July 1, 2020, the School District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

To the Board of Education  
Wayne-Westland Community Schools

**Required Supplemental Information**

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

**Other Supplemental Information**

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2021 on our consideration of Wayne-Westland Community Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Wayne-Westland Community Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Wayne-Westland Community Schools' internal control over financial reporting and compliance.



October 21, 2021

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

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

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand Wayne-Westland Community Schools financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term and what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds - the General Fund; the Federal, State, and Local Grant Programs Fund; the Special Education Fund; and the 2019 Building and Site Fund - with all other funds presented in one column as nonmajor funds. This report is composed of the following elements:

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

#### **Basic Financial Statements**

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

#### **Required Supplemental Information**

Budgetary Comparison Schedule - General Fund

Budgetary Comparison Schedule - Major Special Revenue Funds

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

Schedule of Pension Contributions

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

Schedule of OPEB Contributions

#### **Other Supplemental Information**

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

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

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

The statement of net position and the statement of activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, community services, athletics, and food services (Milk and Hot Lunch Fund). 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 Milk and Hot Lunch Fund is an example) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects).

#### **Governmental Funds**

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

## Wayne-Westland Community Schools

### 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)		
<b>Assets</b>		
Current and other assets	\$ 102.5	\$ 113.2
Capital assets	104.8	84.1
Total assets	207.3	197.3
<b>Deferred Outflows of Resources</b>	83.6	83.9
<b>Liabilities</b>		
Current liabilities	31.1	19.8
Noncurrent liabilities	59.7	66.4
Net pension liability	266.2	249.2
Net OPEB liability	42.8	53.1
Total liabilities	399.8	388.5
<b>Deferred Inflows of Resources</b>	51.2	49.6
<b>Net Position (Deficit)</b>		
Net investment in capital assets	84.0	82.8
Restricted	6.9	4.8
Unrestricted	(251.0)	(244.5)
Total net position (deficit)	<b>\$ (160.1)</b>	<b>\$ (156.9)</b>

The above analysis focuses on net position. The change in net position of the School District's governmental activities is discussed below. The School District's net position was a deficit of \$(160.1) million at June 30, 2021. Net investment in capital assets totaling \$84.0 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 (\$(251.0) million) was unrestricted.

The \$(251.0) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations.

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 \$1,153,140, 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.

## Wayne-Westland Community Schools

### 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)	
<b>Revenue</b>		
Program revenue:		
Charges for services	\$ 1.2	\$ 1.5
Operating grants	71.7	61.8
General revenue:		
Taxes	27.5	26.5
State aid not restricted to specific purposes	61.1	59.7
Other	3.2	3.2
Total revenue	<u>164.7</u>	<u>152.7</u>
<b>Expenses</b>		
Instruction	90.5	86.9
Support services	70.4	61.5
Athletics	1.7	1.6
Milk and hot lunch	4.0	5.6
Community services	0.4	0.3
Other	2.1	2.2
Total expenses	<u>169.1</u>	<u>158.1</u>
<b>Change in Net Position</b>	(4.4)	(5.4)
<b>Net Position (Deficit) - Beginning of year (as restated)</b>	<u>(155.7)</u>	<u>(151.5)</u>
<b>Net Position (Deficit) - End of year</b>	<u><u>\$ (160.1)</u></u>	<u><u>\$ (156.9)</u></u>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$169.1 million. Certain activities were partially funded from those who benefited from the programs (\$1.2 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$71.7 million). We paid for the remaining public benefit portion of our governmental activities with \$27.5 million in taxes, \$61.1 million in state foundation allowance, and other revenue (i.e., interest and general entitlements).

The School District experienced a decrease in net position of \$4.4 million. Key reasons for the change related to unavailable and unearned revenue not received within 60 days of fiscal year end.

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

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

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

As the School District completed this year, the governmental funds reported a combined fund balance of \$71.1 million, which is a decrease of \$23.1 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 by approximately \$2.2 million to \$26.4 million. The increase is mainly due to a shortage of capital assets not received during the year as planned.



## Wayne-Westland Community Schools

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

The Special Education Fund tracks the expenditures of our Act 18 Center Program. This fund is supported by state revenue and a local Wayne County, Michigan special education millage. Total expenditures for the current fiscal year were approximately \$14.5 million.

The fund balance of our debt service fund increased by \$0.8 million. 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.

The fund balance of our Sinking Fund increased by approximately \$1.2 million. The increase is primarily related to initiation of bond projects and the use of the bond fund. The fund balance of our 2019 Building and Site Fund capital projects fund decreased by \$26.6 million. This decrease is primarily due to continued construction related to the 2019 bond issue, ending the year with a fund balance of \$37.2 million. Proceeds from the bond funds are used for constructing buildings; acquiring and installing technology; furnishing and equipping additions to existing school buildings; partially remodeling, furnishing, refurbishing, equipping, and reequipping existing school district buildings; and improving and developing sites, including playgrounds, athletic fields, facilities, and structures in the School District.

With the adoption of GASB 84, the School District created the Student Activities Fund, a special revenue fund, to account for activities previously reported as fiduciary funds. The effect of the adoption was to increase July 1, 2020 beginning fund balance by approximately \$1.2 million. Combined with the Milk and Hot Lunch Fund, also a special revenue fund, the special revenue funds ended the year with a fund balance of \$1.5 million. The fund balance of our Milk and Hot Lunch Fund decreased from the prior year by \$793,228, and the Student Activities Fund increased by \$6,231.

#### **Budgetary Highlights**

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

There were significant revisions made to the 2020-2021 original budget. Budgeted revenue was increased by \$2.5 million due to a large increase in state revenue sources, as per pupil revenue grew by \$240 per pupil rather than the anticipated reduction of \$700 per pupil. Additionally, local revenue experienced an increase from property tax revenue. The federal revenue budget increased due to the addition of ESSER I, ESSER Equity, GEER, and Coronavirus Relief funds.

Budgeted expenditures were also increased by \$0.1 million due to additional staffing costs.

Significant variances between the final budget and actual are as follows:

General Fund: Transfers out were greater than budgeted due to unanticipated unavailable revenue.

Federal, State, and Local Grant Programs Fund: Community services and purchased services (contracted) had an unfavorable variance as a result of changes in At-Risk funding.

The Special Education Fund: Support services expenditures were higher than anticipated due to additional requests for support staff and technology and lower than expected state and interdistrict sources of revenue.

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

##### **Capital Assets**

As of June 30, 2021, the School District had \$104.8 million invested in a broad range of capital assets, including land, construction in progress, building and improvements, buses and other vehicles, furniture and equipment, and land improvements. This represents a net increase (including additions, construction in progress, disposals, and depreciation) of approximately \$20.7 million from 2020 to 2021.

# Wayne-Westland Community Schools

## Management's Discussion and Analysis (Continued)

	2021	2020
Land	\$ 1,248,087	\$ 1,248,087
Construction in progress	27,208,153	3,721,194
Buildings and improvements	64,083,219	67,982,252
Furniture and equipment	1,086,474	510,133
Buses and other vehicles	5,471,568	3,873,016
Land improvements	5,664,493	6,775,882
Total capital assets - Net of accumulated depreciation	<b>\$ 104,761,994</b>	<b>\$ 84,110,564</b>

This year's additions of \$26.5 million included buses, technology, and building construction and renovations. Several major capital projects were started in the 2020-2021 fiscal year, and there are several major capital projects planned for the 2021-2022 fiscal year in connection with the 2019 Building and Site Fund. We present more detailed information about our capital assets in the notes to the financial statements.

### **Debt**

At the end of this year, the School District had \$52.2 million in bonds outstanding versus \$58.6 million in the previous year.

Other obligations include compensated absences and workers' compensation. We present more detailed information about our long-term liabilities in the notes to the financial statements.

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

Our elected officials and administration consider many factors when setting the School District's 2021-2022 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The 2021-2022 budget was adopted in June 2021 based on an estimate of students who will enroll in September 2021. Approximately 84.8 percent of total General Fund revenue is from the foundation allowance. Under state law, the School District cannot access additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2021 school year, we anticipate that the fall student count will be close to the estimates used in creating the 2022 budget. Once the final student count and related per pupil funding are validated, state law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations.

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

The impact 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.

# Wayne-Westland Community Schools

## Statement of Net Position

June 30, 2021

Governmental  
Activities

### Assets

Cash and investments (Note 5)	\$ 32,538,048
Receivables:	
Property taxes receivable	213
Other receivables	1,365,396
Due from other governments	23,191,225
Inventory	140,517
Prepaid expenses and other assets	134,156
Restricted assets (Notes 5 and 6)	45,235,268
Capital assets - Net (Note 8)	<u>104,761,994</u>
Total assets	207,366,817

### Deferred Outflows of Resources

Deferred pension costs (Note 12)	60,351,186
Deferred OPEB costs (Note 12)	<u>23,226,955</u>
Total deferred outflows of resources	83,578,141

### Liabilities

Accounts payable	11,396,285
Due to other governmental units	55,577
Accrued liabilities and other	14,985,204
Unearned revenue (Note 7)	4,743,855
Noncurrent liabilities:	
Due within one year (Note 10)	6,916,955
Due in more than one year (Note 10)	52,754,182
Net pension liability (Note 12)	266,187,428
Net OPEB liability (Note 12)	<u>42,825,071</u>
Total liabilities	399,864,557

### Deferred Inflows of Resources

Revenue in support of pension contributions made subsequent to the measurement date (Note 12)	10,404,523
Deferred pension cost reductions (Note 12)	5,937,601
Deferred OPEB cost reductions (Note 12)	<u>34,843,087</u>
Total deferred inflows of resources	<u>51,185,211</u>

### Net Position (Deficit)

Net investment in capital assets	83,997,332
Restricted:	
Debt service	1,545,995
Capital projects	5,357,555
Unrestricted	<u>(251,005,692)</u>
Total net position (deficit)	<u><u>\$ (160,104,810)</u></u>

# Wayne-Westland Community Schools

## Statement of Activities

Year Ended June 30, 2021

Functions/Programs	Program Revenue		Governmental	
	Expenses	Charges for Services	Operating Grants and Contributions	
			Net (Expense) Revenue and Change in Net Position	
Primary government - Governmental activities:				
Instruction	\$ 90,512,366	\$ 1,123,938	\$ 31,708,581	\$ (57,679,847)
Support services	70,419,891	-	37,064,665	(33,355,226)
Athletics	1,688,126	31,150	-	(1,656,976)
Milk and hot lunch	3,991,907	5,248	2,908,404	(1,078,255)
Community services	360,348	-	-	(360,348)
Interest	2,075,542	-	-	(2,075,542)
Other	498	-	-	(498)
<b>Total primary government</b>	<b>\$ 169,048,678</b>	<b>\$ 1,160,336</b>	<b>\$ 71,681,650</b>	(96,206,692)
General revenue:				
Taxes:				
Property taxes levied for general purposes				16,415,254
Property taxes levied for debt service				9,049,355
Property taxes levied for capital projects				1,987,790
State aid not restricted to specific purposes				61,059,270
Interest and investment earnings				132,107
Gain on sale of capital assets				9,403
Other				3,166,652
<b>Total general revenue</b>				<b>91,819,831</b>
<b>Change in Net Position</b>				<b>(4,386,861)</b>
<b>Net Position (Deficit) - Beginning of year (as restated) (Note 3)</b>				<b>(155,717,949)</b>
<b>Net Position (Deficit) - End of year</b>				<b>\$ (160,104,810)</b>

# Wayne-Westland Community Schools

## Governmental Funds Balance Sheet

June 30, 2021

	General Fund	Federal, State, and Local Grant Programs Fund	Special Education Fund	2019 Building and Site Fund	Nonmajor Funds	Total Governmental Funds
<b>Assets</b>						
Cash and investments (Note 5)	\$ 29,408,904	\$ -	\$ -	\$ -	\$ 3,129,144	\$ 32,538,048
Receivables:						
Property taxes receivable	213	-	-	-	-	213
Other receivables	1,126,536	-	238,860	-	-	1,365,396
Due from other governments	17,426,161	5,324,152	-	-	440,912	23,191,225
Due from other funds (Note 9)	-	3,490,821	2,661,639	-	5,133,450	11,285,910
Inventory	31,770	-	-	-	108,747	140,517
Prepaid expenses and other assets	134,156	-	-	-	-	134,156
Restricted assets (Notes 5 and 6)	-	-	-	44,308,689	926,579	45,235,268
<b>Total assets</b>	<b>\$ 48,127,740</b>	<b>\$ 8,814,973</b>	<b>\$ 2,900,499</b>	<b>\$ 44,308,689</b>	<b>\$ 9,738,832</b>	<b>\$ 113,890,733</b>
<b>Liabilities</b>						
Accounts payable	\$ 762,489	\$ 2,382,127	\$ 1,406,674	\$ 6,639,459	\$ 205,536	\$ 11,396,285
Due to other governmental units	55,577	-	-	-	-	55,577
Due to other funds (Note 9)	8,836,974	-	-	489,247	1,959,689	11,285,910
Accrued liabilities and other	12,038,970	1,254,540	1,236,803	-	107,322	14,637,635
Unearned revenue (Note 7)	-	4,725,693	18,162	-	-	4,743,855
<b>Total liabilities</b>	<b>21,694,010</b>	<b>8,362,360</b>	<b>2,661,639</b>	<b>7,128,706</b>	<b>2,272,547</b>	<b>42,119,262</b>
<b>Deferred Inflows of Resources -</b>						
Unavailable revenue (Note 7)	-	452,613	238,860	-	-	691,473
<b>Total liabilities and deferred inflows of resources</b>	<b>21,694,010</b>	<b>8,814,973</b>	<b>2,900,499</b>	<b>7,128,706</b>	<b>2,272,547</b>	<b>42,810,735</b>
<b>Fund Balances</b>						
Nonspendable:						
Inventory	31,770	-	-	-	108,747	140,517
Prepays	134,156	-	-	-	-	134,156
Restricted:						
Debt service	-	-	-	-	1,893,564	1,893,564
Capital projects	-	-	-	37,179,983	4,032,008	41,211,991
Food service	-	-	-	-	272,595	272,595
Committed:						
Construction commitments	976,394	-	-	-	-	976,394
Student activities	-	-	-	-	1,159,371	1,159,371
Assigned - Subsequent use of fund balance	8,319,542	-	-	-	-	8,319,542
Unassigned	16,971,868	-	-	-	-	16,971,868
<b>Total fund balances</b>	<b>26,433,730</b>	<b>-</b>	<b>-</b>	<b>37,179,983</b>	<b>7,466,285</b>	<b>71,079,998</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 48,127,740</b>	<b>\$ 8,814,973</b>	<b>\$ 2,900,499</b>	<b>\$ 44,308,689</b>	<b>\$ 9,738,832</b>	<b>\$ 113,890,733</b>

# Wayne-Westland Community Schools

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

June 30, 2021

<b>Fund Balances Reported in Governmental Funds</b>	\$ 71,079,998
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	236,090,047
Accumulated depreciation	<u>(131,328,053)</u>
Net capital assets used in governmental activities	104,761,994
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	691,473
Bonds payable are not due and payable in the current period and are not reported in the funds	(57,219,098)
Accrued interest is not due and payable in the current period and is not reported in the funds	(347,569)
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	(2,063,872)
Provision for workers' compensation claims	(388,167)
Net pension liability and related deferred inflows and outflows	(211,773,843)
Net OPEB liability and related deferred inflows and outflows	(54,441,203)
Revenue in support of pension contributions made subsequent to the measurement date is reported as a deferred inflow of resources in the statement of net position and is not reported in the funds	<u>(10,404,523)</u>
<b>Net Position (Deficit) of Governmental Activities</b>	<b><u><u>\$ (160,104,810)</u></u></b>

# Wayne-Westland Community Schools

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

**Year Ended June 30, 2021**

	General Fund	Federal, State, and Local Grant Programs Fund	Special Education Fund	2019 Building and Site Fund	Nonmajor Funds	Total Governmental Funds
<b>Revenue</b>						
Local sources	\$ 19,021,201	\$ 1,250,004	\$ -	\$ 59,035	\$ 11,589,813	\$ 31,920,053
State sources	85,609,930	4,469,870	3,207,713	-	626,910	93,914,423
Federal sources	66,052	21,543,204	-	-	2,807,121	24,416,377
Interdistrict sources	7,695,459	939,588	8,026,518	-	-	16,661,565
Total revenue	112,392,642	28,202,666	11,234,231	59,035	15,023,844	166,912,418
<b>Expenditures</b>						
Current:						
Instruction	60,279,172	12,209,298	6,876,854	-	-	79,365,324
Support services	44,021,661	13,851,704	7,611,433	-	531,995	66,016,793
Athletics	1,622,677	-	-	-	-	1,622,677
Milk and hot lunch	-	16,445	-	-	3,684,918	3,701,363
Community services	94,941	254,760	-	-	-	349,701
Other:						
Principal (Note 10)	-	-	-	-	6,335,000	6,335,000
Interest	-	-	-	-	2,345,913	2,345,913
Other	-	-	-	-	498	498
Capital outlay	1,515,459	1,325,436	24,897	26,609,794	847,472	30,323,058
Total expenditures	107,533,910	27,657,643	14,513,184	26,609,794	13,745,796	190,060,327
<b>Excess of Revenue Over (Under) Expenditures</b>	4,858,732	545,023	(3,278,953)	(26,550,759)	1,278,048	(23,147,909)
<b>Other Financing Sources (Uses)</b>						
Proceeds from sale of capital assets	27,868	-	-	-	-	27,868
Transfers in (Note 9)	321,633	452,613	3,278,953	-	78,038	4,131,237
Transfers out (Note 9)	(3,033,601)	(997,636)	-	-	(100,000)	(4,131,237)
Total other financing (uses) sources	(2,684,100)	(545,023)	3,278,953	-	(21,962)	27,868
<b>Net Change in Fund Balances</b>	2,174,632	-	-	(26,550,759)	1,256,086	(23,120,041)
<b>Fund Balances - Beginning of year (as restated) (Note 3)</b>	24,259,098	-	-	63,730,742	6,210,199	94,200,039
<b>Fund Balances - End of year</b>	<u>\$ 26,433,730</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,179,983</u>	<u>\$ 7,466,285</u>	<u>\$ 71,079,998</u>

## Wayne-Westland Community Schools

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

Year Ended June 30, 2021

<b>Net Change in Fund Balances Reported in Governmental Funds</b>	<b>\$ (23,120,041)</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capitalized capital outlay	26,456,296
Depreciation expense	(5,786,401)
Net book value of assets disposed of	(18,465)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	(12,006)
Revenue in support of pension contributions made subsequent to the measurement date	(2,247,998)
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt); amortization of premium and inflows related to bond refundings are not expenses in the governmental funds	6,561,955
Interest expense is recognized in the government-wide statements as it accrues	43,416
Some employee costs (pension, OPEB, compensated absences, and workers' compensation) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	<u>(6,263,617)</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u><u>\$ (4,386,861)</u></u></b>



June 30, 2021

### Note 1 - Nature of Business

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

### Note 2 - Significant Accounting Policies

#### *Accounting and Reporting Principles*

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

#### *Reporting Entity*

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

#### *Report Presentation*

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

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

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

Separate financial statements are provided for governmental funds. Major individual governmental funds and major individual enterprise funds, if any, are reported as separate columns in the fund financial statements.

#### *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 government has spent its resources.

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

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

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.

***Fund Accounting***

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

**Governmental Funds**

Governmental funds include all activities that provide general governmental services that are not business-type activities. This includes the General Fund, special revenue funds, debt service funds, and capital projects 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.
- The Federal, State, and Local Grant Programs Fund (special revenue fund) records all the revenue and expenditures of the local, state, and federal grants, except for the child nutrition cluster. Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes. Any operating deficit generated by these activities is the responsibility of the General Fund.
- The Special Education Fund (special revenue fund) is used to record all transactions associated with the special education center programs administered by the School District on behalf of the county. The Special Education Fund is funded primarily by property taxes from interdistrict sources and state aid, which is restricted to expenditures for specified purposes. Any operating deficit generated by these activities is the responsibility of the General Fund.
- The 2019 Building and Site Fund (capital projects fund) is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new school sites, buildings, and equipment; technology updates; and remodeling and repairs. The fund operates until the purpose for which it was created is accomplished.

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

- The Milk and Hot Lunch Fund (special revenue fund) is used to record all transactions of food sales to pupils at all school district buildings. The Milk and Hot Lunch Fund is funded primarily by federal grants awarded to the School District to reimburse the cost of providing meals to students. Any operating deficit generated by these activities is the responsibility of the General Fund.
- The Student Activities Fund is used to record transactions of student groups for school and school-related purposes. Any operating deficit generated by these activities is the responsibility of the General Fund.
- The debt service fund is used to record tax and interest revenue and transfers in from the General Fund and the payment of interest, principal, and other expenditures on bonded debt.
- The Sinking Fund (capital projects fund) is used to record revenue and the disbursement of moneys specifically designated for major remodeling and repairs. The fund operates until the purpose for which it was created is accomplished.

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

**Interfund Activity**

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

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in the 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.

**Specific Balances and Transactions**

**Cash and Investments**

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

**Inventories and Prepaid Items**

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

**Restricted Assets**

The unspent property taxes levied in the debt service fund and Sinking Fund are required to be set aside for future bond principal and interest and approved Sinking Fund projects, respectively. In addition, the unspent bond proceeds and related interest of the 2019 Building and Site Fund require amounts to be set aside for construction and technology. These amounts have been classified as restricted assets.

**Capital Assets**

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

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

	Depreciable Life - Years
Buildings (with 20 percent salvage value)	50
Building improvements (with 20 percent salvage value)	25
Land improvements	20
Buses and other vehicles	10
Furniture and other equipment	10

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

**Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the 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 a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

The School District has deferred outflows of resources related to 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 a future period and will not be recognized as an inflow of resources (revenue) until that time.

The School District has deferred inflows of resources related to revenue in support of pension payments made subsequent to the measurement date and deferred pension and OPEB costs.

**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 assets or restricted.

**Net Position Flow Assumption**

The School District will sometimes fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) 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 government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**Fund Balance Flow Assumptions**

The School District will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government'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.

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

**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 government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) 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 finance director 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.

The fund balance policy prescribes the minimum fund balance between 5 percent and 10 percent of the School District's operating expenditures in the General Fund. This is deemed to be the prudent amount to maintain the School District's ability to meet obligations as they come due throughout the year. If a fund balance declines below the 5 percent to 10 percent range, it shall be recovered at a rate directed by the Board of Education.

**Property Tax Revenue**

Properties are assessed as of December 31, and the related property taxes become a lien on July 1 of the following year. Tax collections are forwarded to the School District as collected by the assessing municipalities through March 1, at which time they are considered delinquent and added to county tax rolls. Any delinquent taxes collected by the county are remitted to the School District by June 30. The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

**Grants and Contributions**

From time to time, the School District receives grants from the federal government, intermediate school district, and the State of Michigan, 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.

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

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

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

**Compensated Absences**

The liability for compensated absences reported in the government-wide statements consists of earned but unused accumulated annual sick leave benefits. A liability for these amounts is reported in governmental funds as it comes due for payment. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments at normal retirement age and other employees who are expected to become eligible in the future to receive such payments upon normal retirement are included.

**Use of Estimates**

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

**Upcoming Accounting 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 has evaluated the impact this standard will have on the financial statements when adopted and has determined amounts in the financial statements will not be significantly impacted. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2022.

**Note 3 - 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, the student activities were previously reported as fiduciary activities but no longer meet the definition of such; therefore, these activities are now reported as a nonmajor governmental special revenue fund.

June 30, 2021

**Note 3 - Adoption of New Accounting Pronouncement (Continued)**

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

	Governmental Activities	Nonmajor Funds
Net position (deficit)/fund balance - June 30, 2020 - As previously reported	\$ (156,871,089)	\$ 5,057,059
Adjustment for GASB Statement No. 84 - To change fund type	1,153,140	1,153,140
Net position (deficit)/fund balance - June 30, 2020 - As restated	<u>\$ (155,717,949)</u>	<u>\$ 6,210,199</u>

**Note 4 - 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 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. The required supplemental information - budgetary comparison schedule is presented on the same basis of accounting used to prepare the budget that includes certain items having classifications that differ from the statement of revenue, expenditures, and changes in fund balance. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner.

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

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

During the year, the School District incurred expenditures in the major special revenue funds that were in excess of the amounts budgeted as follows:

	Budget	Actual
General Fund - Transfers out	\$ -	\$ 3,033,601
Federal, State, and Local Grant Programs Fund - Community services	-	254,760
Federal, State, and Local Grant Programs Fund - Purchased services (contracted)	-	16,445
Federal, State, and Local Grant Programs Fund - Transfers out	-	997,636
Special Education Fund - Support services	5,019,660	7,611,433

***Capital Projects Fund Compliance***

The 2019 Building and Site Fund includes 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.

The Sinking Fund records capital project activities funded with the Sinking Fund millage. For this fund, authorized prior to March 29, 2017, the School District has complied with the applicable provisions of §1212 of the State of Michigan Revised School Code.

**Note 5 - Deposits and Investments**

The School District has designated two banks for the deposit of its funds. The School District's investments comply with all required laws and regulations.

There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost except for MILAF MAX Class funds, which 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. At year end, the School District had \$25,814,804 of bank deposits (checking and savings accounts) that were uninsured and uncollateralized. The School District believes that, due to the dollar amount of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the School District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

***Custodial Credit Risk of Investments***

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

***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 requiring 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, and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the School District's cash requirements.

***Credit Risk***

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District has no investment policy that would further limit its investment choices. As of June 30, 2021, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Carrying Value	Rating	Rating Organization
<b>Primary Government</b>			
MILAF bank investment pool	\$ 51,948,832	AAAm	S&P



June 30, 2021

**Note 5 - Deposits and Investments (Continued)**

**Concentration of Credit Risk**

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

**Foreign Currency Risk**

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

**Note 6 - Restricted Assets**

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

Description	Governmental Activities
Restricted for Debt Service Fund	\$ 736,183
Restricted for Sinking Fund	190,396
Restricted for capital projects	44,308,689
Total	<u>\$ 45,235,268</u>

**Note 7 - 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 School District had \$691,473 in unavailable revenue related to amounts that were not received within 60 days of year end and \$4,743,855 of unearned revenue primarily related to grant and categorical aid payment received prior to meeting all eligibility requirements.

June 30, 2021

**Note 8 - Capital Assets**

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

	Balance July 1, 2020	Additions and Transfers	Disposals	Balance June 30, 2021
Capital assets not being depreciated:				
Land	\$ 1,248,087	\$ -	\$ -	\$ 1,248,087
Construction in progress	3,721,194	23,486,959	-	27,208,153
Subtotal	4,969,281	23,486,959	-	28,456,240
Capital assets being depreciated:				
Buildings and improvements	170,298,874	-	-	170,298,874
Furniture and equipment	5,678,973	708,416	-	6,387,389
Buses and other vehicles	7,873,994	2,260,921	(1,485,049)	8,649,866
Land improvements	22,297,678	-	-	22,297,678
Subtotal	206,149,519	2,969,337	(1,485,049)	207,633,807
Accumulated depreciation:				
Buildings and improvements	102,316,622	3,899,033	-	106,215,655
Furniture and equipment	5,168,840	132,075	-	5,300,915
Buses and other vehicles	4,000,978	643,904	(1,466,584)	3,178,298
Land improvements	15,521,796	1,111,389	-	16,633,185
Subtotal	127,008,236	5,786,401	(1,466,584)	131,328,053
Net capital assets being depreciated	79,141,283	(2,817,064)	(18,465)	76,305,754
Net governmental activities capital assets	<u>\$ 84,110,564</u>	<u>\$ 20,669,895</u>	<u>\$ (18,465)</u>	<u>\$ 104,761,994</u>

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

Governmental activities:	
Instruction	\$ 3,703,297
Support services	1,909,512
Food services	173,592
Total governmental activities	<u>\$ 5,786,401</u>

**Construction Commitments**

The School District has active construction projects at year end. The projects are related to the 2019 Building and Site Fund. At year end, the School District's commitments are as follows:

	Remaining Commitment
Bond Fund - John Glenn - Exercise equipment	\$ 628,920
Bond Fund - Wayne Memorial - Exercise equipment	121,256
Bond Fund - John Glenn and Wayne Memorial - Furnishings	226,218
Total	<u>\$ 976,394</u>

June 30, 2021

**Note 9 - Interfund Receivables, Payables, and Transfers**

The composition of interfund balances is as follows:

Fund Due To	Fund Due From				Total
	General Fund	Federal, State, and Local Grant Programs Fund	2019 Building and Site Fund	Nonmajor Funds	
Federal, State, and Local Grant Programs Fund	\$ 3,490,821	\$ -	\$ -	\$ -	\$ 3,490,821
Special Education Fund	2,661,639	-	-	-	2,661,639
Nonmajor funds	2,684,514	489,247	1,959,689	-	5,133,450
<b>Total</b>	<b>\$ 8,836,974</b>	<b>\$ 489,247</b>	<b>\$ 1,959,689</b>	<b>\$ -</b>	<b>\$ 11,285,910</b>

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Federal, State, and Local Grant Programs Fund	\$ 452,613
	Special Education Fund	2,571,090
	Nonmajor funds	9,898
Federal, State, and Local Grant Programs Fund	General Fund	221,633
	Special Education Fund	707,863
	Nonmajor funds	68,140
Nonmajor funds	General Fund	100,000
	<b>Total</b>	<b>\$ 4,131,237</b>

Transfers between funds are to primarily cover excess costs related to operations of the funds for the purposes for which they were created.

**Note 10 - 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	\$ 58,580,000	\$ -	\$ (6,335,000)	\$ 52,245,000	\$ 6,690,000
Unamortized bond premiums	5,201,053	-	(226,955)	4,974,098	226,955
<b>Total bonds payable</b>	<b>63,781,053</b>	<b>-</b>	<b>(6,561,955)</b>	<b>57,219,098</b>	<b>6,916,955</b>
Compensated absences	2,029,525	148,699	(114,352)	2,063,872	-
Workers' compensation	672,546	-	(284,379)	388,167	-
<b>Total governmental activities long-term debt</b>	<b>\$ 66,483,124</b>	<b>\$ 148,699</b>	<b>\$ (6,960,686)</b>	<b>\$ 59,671,137</b>	<b>\$ 6,916,955</b>

June 30, 2021

**Note 10 - Long-term Debt (Continued)****General Obligation Bonds and Contracts**

The School District issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. The 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 consist of \$52,245,000 of qualified serial bonds due in annual installments of \$2,065,000 to \$6,690,000 on May 1, bearing interest between 4.00 and 5.00 percent.

**Other Long-term Liabilities**

Compensated absences and workers' compensation liabilities attributable to the governmental activities will be liquidated primarily by the General Fund.

**Debt Service Requirements to Maturity**

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

Years Ending June 30	Governmental Activities		
	Other Debt		
	Principal	Interest	Total
2022	\$ 6,690,000	\$ 2,085,412	\$ 8,775,412
2023	2,080,000	1,879,612	3,959,612
2024	2,080,000	1,775,612	3,855,612
2025	2,080,000	1,671,612	3,751,612
2026	2,080,000	1,567,612	3,647,612
2027-2031	10,365,000	6,281,185	16,646,185
2032-2036	10,350,000	3,951,810	14,301,810
2037-2041	10,325,000	1,915,286	12,240,286
2042-2044	6,195,000	302,007	6,497,007
Total	<u>\$ 52,245,000</u>	<u>\$ 21,430,148</u>	<u>\$ 73,675,148</u>

**Note 11 - Risk Management**

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District has purchased commercial insurance for health claims and participates in the Metropolitan Association for Improved School Legislation risk pool for claims relating to property loss, torts, and errors and omissions; the School District is partially self-insured for workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The 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.

**Note 11 - Risk Management (Continued)**

For risk retention situations (other than commercial coverage or risk-sharing pools), 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, as well as those that have not yet been reported. These estimates are recorded in long-term debt. Changes in the estimated liability for the past two fiscal years were as follows:

	Workers' Compensation	
	2021	2020
Estimated liability - Beginning of year	\$ 672,546	\$ 571,349
Estimated claims incurred, including changes in estimates	(243,815)	523,040
Claim payments	(40,564)	(421,843)
Estimated liability - End of year	<u>\$ 388,167</u>	<u>\$ 672,546</u>

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

***Plan Description***

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

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

***Benefits Provided***

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

Depending on the plan option selected, member retirement benefits are calculated as final average compensation times years of services times a pension factor ranging from 1.25 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, MPERS 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.

June 30, 2021

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

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

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

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

**Contributions**

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

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

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

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

The ranges of rates are as follows:

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

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

June 30, 2021

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

The School District's required and actual pension contributions to the plan for the year ended June 30, 2021 were \$24,757,235, which includes the School District's contributions required for those members with a defined contribution benefit. The School District's required and actual pension contributions include an allocation of \$10,404,523 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 \$6,255,810, which includes 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 \$266,187,428 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 0.77 and 0.75 percent, respectively, representing a change of 2.99 percent.

**Net OPEB Liability**

At June 30, 2021, the School District reported a liability of \$42,825,071 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 0.80 and 0.74 percent, respectively, representing a change of 8.15 percent.

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

For 2021, the School District recognized pension expense of \$37,417,367, inclusive of payments to fund the MPERS 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	\$ 4,067,126	\$ (568,138)
Changes in assumptions	29,496,133	-
Net difference between projected and actual earnings on pension plan investments	1,118,400	-
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	4,843,135	(5,369,463)
The School District's contributions to the plan subsequent to the measurement date	20,826,392	-
Total	<u>\$ 60,351,186</u>	<u>\$ (5,937,601)</u>

June 30, 2021

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

The \$10,404,523 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	\$ 14,495,025
2023	10,306,895
2024	6,316,196
2025	2,469,077
Total	<u>\$ 33,587,193</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 \$1,203,376.

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	\$ -	\$ (31,908,681)
Changes in assumptions	14,120,276	-
Net difference between projected and actual earnings on OPEB plan investments	357,423	-
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	4,277,838	(2,934,406)
Employer contributions to the plan subsequent to the measurement date	4,471,418	-
Total	<u>\$ 23,226,955</u>	<u>\$ (34,843,087)</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	\$ (4,752,801)
2023	(4,254,742)
2024	(3,364,715)
2025	(2,323,630)
2026	(1,391,662)
Total	<u>\$ (16,087,550)</u>



June 30, 2021

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

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

Actuarial cost method		Entry age normal
Investment rate of return - Pension	6.00% - 6.80%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.95%	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55%	Including wage inflation of 2.75%
Health care cost trend rate - OPEB	7.00%	Year 1, graded to 3.50% in year 15, 3.00% year 120
Mortality basis		RP-2014 Male and Female Employee Annuitant Mortality tables, scaled 100% (retirees: 82% for males and 78% for females) and adjusted for mortality improvements using projection scale MP-2017 from 2006
Cost of living pension adjustments	3.00%	Annual noncompounded for MIP members

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

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

**Discount Rate**

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

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

June 30, 2021

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

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

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

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

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

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

	1 Percentage Point Decrease (5.00 - 5.80%)	Current Discount Rate (6.00 - 6.80%)	1 Percentage Point Increase (7.00 - 7.80%)
Net pension liability of the School District	\$ 344,534,470	\$ 266,187,428	\$ 201,255,193

***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	\$ 55,013,671	\$ 42,825,071	\$ 32,563,291

June 30, 2021

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

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

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

	1 Percentage Point Decrease (6.00%)	Current Rate (7.00%)	1 Percentage Point Increase (8.00%)
Net OPEB liability of the School District	\$ 32,170,387	\$ 42,825,071	\$ 54,943,459

***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 \$3,317,020 and \$611,143 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2021.

**Note 13 - Tax Abatements**

For the fiscal year ended June 30, 2021, the School District had no significant tax abatements.

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## Required Supplemental Information

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# Wayne-Westland Community Schools

## Required Supplemental Information Budgetary Comparison Schedule General Fund

Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Revenue</b>				
Local sources	\$ 18,006,997	\$ 18,233,287	\$ 19,021,201	\$ 787,914
State sources	84,835,169	86,927,160	85,609,930	(1,317,230)
Federal sources	40,664	227,517	66,052	(161,465)
Interdistrict sources	8,107,488	8,107,488	7,695,459	(412,029)
Total revenue	110,990,318	113,495,452	112,392,642	(1,102,810)
<b>Expenditures</b>				
Current:				
Instruction:				
Basic programs	51,390,248	50,021,874	48,197,794	(1,824,080)
Added needs	11,763,410	12,857,761	12,309,902	(547,859)
Adult/Continuing education	148,290	137,435	58,453	(78,982)
Support services:				
Pupil	8,078,043	8,002,508	8,042,859	40,351
Instructional staff	3,498,204	4,264,951	4,185,634	(79,317)
General administration	2,226,984	2,449,180	2,374,780	(74,400)
School administration	7,228,263	7,152,107	7,040,920	(111,187)
Business	1,263,158	1,148,651	1,028,199	(120,452)
Operations and maintenance	14,103,690	14,163,844	13,175,244	(988,600)
Pupil transportation services	9,854,765	9,096,294	6,674,494	(2,421,800)
Central	2,684,254	2,883,805	2,700,654	(183,151)
Other	65,500	63,000	27,359	(35,641)
Athletics	1,628,845	1,766,741	1,622,677	(144,064)
Community services	128,676	119,323	94,941	(24,382)
Total expenditures	114,062,330	114,127,474	107,533,910	(6,593,564)
<b>Excess of Revenue (Under) Over Expenditures</b>	(3,072,012)	(632,022)	4,858,732	5,490,754
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	-	-	27,868	27,868
Transfers in	324,449	100,000	321,633	221,633
Transfers out	-	-	(3,033,601)	(3,033,601)
Total other financing sources (uses)	324,449	100,000	(2,684,100)	(2,784,100)
<b>Net Change in Fund Balance</b>	(2,747,563)	(532,022)	2,174,632	2,706,654
<b>Fund Balance - Beginning of year</b>	24,259,098	24,259,098	24,259,098	-
<b>Fund Balance - End of year</b>	<u>\$ 21,511,535</u>	<u>\$ 23,727,076</u>	<u>\$ 26,433,730</u>	<u>\$ 2,706,654</u>

## Wayne-Westland Community Schools

### Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Federal, State, and Local Grant Programs Fund

**Year Ended June 30, 2021**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Revenue</b>				
Local sources	\$ 924,801	\$ 1,031,131	\$ 1,250,004	\$ 218,873
State sources	5,222,465	8,670,200	4,469,870	(4,200,330)
Federal sources	10,250,321	28,549,916	21,543,204	(7,006,712)
Interdistrict sources	-	-	939,588	939,588
Total revenue	16,397,587	38,251,247	28,202,666	(10,048,581)
<b>Expenditures</b>				
Current:				
Instruction	10,822,737	19,159,835	12,209,376	(6,950,459)
Support services	5,574,850	19,091,412	15,177,062	(3,914,350)
Community services	-	-	254,760	254,760
Purchased services (contracted)	-	-	16,445	16,445
Total expenditures	16,397,587	38,251,247	27,657,643	(10,593,604)
<b>Excess of Revenue Over Expenditures</b>	-	-	545,023	545,023
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	452,613	452,613
Transfers out	-	-	(997,636)	(997,636)
Total other financing uses	-	-	(545,023)	(545,023)
<b>Net Change in Fund Balance</b>	-	-	-	-
<b>Fund Balance - Beginning of year</b>	-	-	-	-
<b>Fund Balance - End of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## Wayne-Westland Community Schools

### Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Special Education Fund

**Year Ended June 30, 2021**

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
<b>Revenue</b>				
State sources	\$ 4,235,775	\$ 4,915,190	\$ 3,207,713	\$ (1,707,477)
Interdistrict sources	12,014,855	8,729,546	8,026,518	(703,028)
Total revenue	16,250,630	13,644,736	11,234,231	(2,410,505)
<b>Expenditures</b>				
Current:				
Instruction	7,302,529	6,889,821	6,901,751	11,930
Support services	7,320,200	5,019,660	7,611,433	2,591,773
Total expenditures	14,622,729	11,909,481	14,513,184	2,603,703
<b>Excess of Revenue Over (Under) Expenditures</b>	1,627,901	1,735,255	(3,278,953)	(5,014,208)
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	3,278,953	3,278,953
Transfers out	(1,627,901)	(1,735,255)	-	1,735,255
Total other financing (uses) sources	(1,627,901)	(1,735,255)	3,278,953	5,014,208
<b>Net Change in Fund Balance</b>	-	-	-	-
<b>Fund Balance - Beginning of year</b>	-	-	-	-
<b>Fund Balance - End of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## Wayne-Westland Community Schools

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

	<b>Last Seven Plan Years</b>						
	<b>Plan Years Ended September 30</b>						
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's proportion of the net pension liability	0.77490 %	0.75239 %	0.78147 %	0.79252 %	0.79846 %	0.80569 %	0.82760 %
School District's proportionate share of the net pension liability	\$ 266,187,428	\$ 249,167,513	\$ 234,923,827	\$ 205,376,286	\$ 199,209,317	\$ 196,791,039	\$ 182,286,041
School District's covered payroll	\$ 70,936,312	\$ 64,684,563	\$ 66,155,580	\$ 66,346,717	\$ 67,182,765	\$ 67,287,675	\$ 70,574,097
School District's proportionate share of the net pension liability as a percentage of its covered payroll	375.25 %	385.20 %	355.11 %	309.55 %	296.52 %	292.46 %	258.29 %
Plan fiduciary net position as a percentage of total pension liability	59.49 %	60.08 %	62.12 %	63.96 %	63.01 %	62.92 %	66.20 %



**Wayne-Westland Community Schools**

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

	<b>Last Seven Fiscal Years</b>						
	<b>Years Ended June 30</b>						
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 24,236,699	\$ 21,452,805	\$ 20,200,490	\$ 20,157,276	\$ 19,248,704	\$ 18,723,482	\$ 13,595,967
Contributions in relation to the statutorily required contribution	<u>24,236,699</u>	<u>21,452,805</u>	<u>20,200,490</u>	<u>20,157,276</u>	<u>19,248,704</u>	<u>18,723,482</u>	<u>13,595,967</u>
<b>Contribution Deficiency</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>
<b>School District's Covered Payroll</b>	\$ 70,939,418	\$ 70,172,100	\$ 64,464,552	\$ 66,468,856	\$ 68,972,120	\$ 66,966,671	\$ 68,291,413
<b>Contributions as a Percentage of Covered Payroll</b>	34.17 %	30.57 %	31.34 %	30.33 %	27.91 %	27.96 %	19.91 %

## Wayne-Westland Community Schools

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

	Last Four Plan Years			
	Plan Years Ended September 30			
	2020	2019	2018	2017
School District's proportion of the net OPEB liability	0.79938 %	0.73915 %	0.77598 %	0.79373 %
School District's proportionate share of the net OPEB liability	\$ 42,825,071	\$ 53,054,107	\$ 61,681,968	\$ 70,288,095
School District's covered payroll	\$ 70,936,312	\$ 64,684,563	\$ 66,155,580	\$ 66,346,717
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	60.37 %	82.02 %	93.24 %	105.94 %
Plan fiduciary net position as a percentage of total OPEB liability	59.76 %	48.67 %	43.10 %	36.53 %

## Wayne-Westland Community Schools

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

	<b>Last Four Fiscal Years</b>			
	<b>Plan Years Ended June 30</b>			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 5,903,401	\$ 5,638,749	\$ 5,063,707	\$ 4,800,863
Contributions in relation to the statutorily required contribution	<u>5,903,401</u>	<u>5,638,749</u>	<u>5,063,707</u>	<u>4,800,863</u>
<b>Contribution Deficiency</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>
<b>Covered Payroll</b>	\$ 70,939,418	\$ 70,172,100	\$ 64,464,552	\$ 66,468,856
<b>Contributions as a Percentage of Covered Payroll</b>	8.32 %	8.04 %	7.86 %	7.22 %

June 30, 2021

### ***Pension Information***

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

### **Benefit Changes**

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

### **Changes in Assumptions**

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

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

### ***OPEB Information***

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

### **Benefit Changes**

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

### **Changes in Assumptions**

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

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

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## Other Supplemental Information

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# Wayne-Westland Community Schools

## Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds

June 30, 2021

	Special Revenue Funds		Debt Service	Capital	Total
	Milk and Hot Lunch Fund	Student Activities Fund	Fund	Projects Fund	
			2019 Bond Fund	Sinking Fund	
<b>Assets</b>					
Cash and investments	\$ -	\$ 3,129,144	\$ -	\$ -	\$ 3,129,144
Receivables:					
Due from other governments	440,912	-	-	-	440,912
Due from other funds	95,996	-	1,157,381	3,880,073	5,133,450
Inventory	108,747	-	-	-	108,747
Restricted assets	-	-	736,183	190,396	926,579
<b>Total assets</b>	<b>\$ 645,655</b>	<b>\$ 3,129,144</b>	<b>\$ 1,893,564</b>	<b>\$ 4,070,469</b>	<b>\$ 9,738,832</b>
<b>Liabilities</b>					
Accounts payable	\$ 156,991	\$ 10,084	\$ -	\$ 38,461	\$ 205,536
Due to other funds	-	1,959,689	-	-	1,959,689
Accrued liabilities and other	107,322	-	-	-	107,322
<b>Total liabilities</b>	<b>264,313</b>	<b>1,969,773</b>	<b>-</b>	<b>38,461</b>	<b>2,272,547</b>
<b>Fund Balances</b>					
Nonspendable - Inventory	108,747	-	-	-	108,747
Restricted:					
Debt service	-	-	1,893,564	-	1,893,564
Capital projects	-	-	-	4,032,008	4,032,008
Food service	272,595	-	-	-	272,595
Committed - Student activities	-	1,159,371	-	-	1,159,371
<b>Total fund balances</b>	<b>381,342</b>	<b>1,159,371</b>	<b>1,893,564</b>	<b>4,032,008</b>	<b>7,466,285</b>
<b>Total liabilities and fund balances</b>	<b>\$ 645,655</b>	<b>\$ 3,129,144</b>	<b>\$ 1,893,564</b>	<b>\$ 4,070,469</b>	<b>\$ 9,738,832</b>

## Wayne-Westland Community Schools

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

**Year Ended June 30, 2021**

	Special Revenue Funds		Debt Service	Capital	Total
	Milk and Hot Lunch Fund	Student Activities Fund	2019 Bond Fund	Projects Fund Sinking Fund	
<b>Revenue</b>					
Local sources	\$ 13,807	\$ 538,226	\$ 9,049,936	\$ 1,987,844	\$ 11,589,813
State sources	92,724	-	437,569	96,617	626,910
Federal sources	2,807,121	-	-	-	2,807,121
Total revenue	2,913,652	538,226	9,487,505	2,084,461	15,023,844
<b>Expenditures</b>					
Current - Milk and hot lunch	3,684,918	531,995	-	-	4,216,913
Other:					
Principal	-	-	6,335,000	-	6,335,000
Interest	-	-	2,345,913	-	2,345,913
Other	-	-	498	-	498
Capital outlay	-	-	-	847,472	847,472
Total expenditures	3,684,918	531,995	8,681,411	847,472	13,745,796
<b>Excess of Revenue (Under) Over Expenditures</b>	(771,266)	6,231	806,094	1,236,989	1,278,048
<b>Other Financing Sources (Uses)</b>					
Transfers in	78,038	-	-	-	78,038
Transfers out	(100,000)	-	-	-	(100,000)
Total other financing uses	(21,962)	-	-	-	(21,962)
<b>Net Change in Fund Balances</b>	(793,228)	6,231	806,094	1,236,989	1,256,086
<b>Fund Balances - Beginning of year (as restated)</b>	1,174,570	1,153,140	1,087,470	2,795,019	6,210,199
<b>Fund Balances - End of year</b>	<b>\$ 381,342</b>	<b>\$ 1,159,371</b>	<b>\$ 1,893,564</b>	<b>\$ 4,032,008</b>	<b>\$ 7,466,285</b>

## Wayne-Westland Community Schools

### Other Supplemental Information Schedule of Bonded Indebtedness

June 30, 2021

Years Ending June 30	2019 Building and Site Bond Principal
2022	\$ 6,690,000
2023	2,080,000
2024	2,080,000
2025	2,080,000
2026	2,080,000
2027	2,080,000
2028	2,075,000
2029	2,070,000
2030	2,070,000
2031	2,070,000
2032	2,070,000
2033	2,070,000
2034	2,070,000
2035	2,070,000
2036	2,070,000
2037	2,065,000
2038	2,065,000
2039	2,065,000
2040	2,065,000
2041	2,065,000
2042	2,065,000
2043	2,065,000
2044	2,065,000
Total remaining payments	<b>\$ 52,245,000</b>
Principal payments due	May 1
Interest rate	4.0% to 5.0%
Original issue	<b>\$ 64,770,000</b>

Interest payments for the bond issues are due on May 1 and November 1 of each year.