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**VAN BUREN INTERMEDIATE SCHOOL
DISTRICT**

**REPORT ON FINANCIAL STATEMENTS
(with required supplementary and additional
supplementary information)**

YEAR ENDED JUNE 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Van Buren Intermediate School District

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of Matter - Change in Accounting Principle

As discussed in Note 13 to the financial statements, Van Buren Intermediate School District implemented Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Van Buren Intermediate School District's basic financial statements. The additional supplementary information, as identified in the table of contents, including the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The additional supplementary 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. The additional supplementary 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 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 additional supplementary information is fairly stated, in all material respects, in relation to the 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 30, 2020 on our consideration of Van Buren Intermediate School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements 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 Van Buren Intermediate School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Van Buren Intermediate School District's internal control over financial reporting and compliance.

Maney Costeiran PC

October 30, 2020

VAN BUREN INTERMEDIATE SCHOOL DISTRICT - LAWRENCE, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

The Administration's discussion and analysis, a requirement of Government Accounting Standards Board (GASB), GASB 34, is intended to be the Van Buren Intermediate School District Administration's discussion and analysis of the financial results for the year ended June 30, 2020.

Generally accepted accounting principles (GAAP) according to GASB 34, requires the reporting of two types of financial statements: District Wide Financial Statements and Fund Financial Statements.

FINANCIAL HIGHLIGHTS

The overall condition of all funds, governmental activities and business-type activities, remains in good shape for the District. In the future, financial activities and decisions will be based on the stability of state revenues and the ongoing mandates imposed by State legislation, No Child Left Behind, Special Education requirements and other rules and regulations that school districts must address.

The assets and deferred outflows of the Van Buren Intermediate School District were less than its liabilities and deferred inflows at the close of the most recent fiscal year by \$50.8 million (net position). This was a decrease of approximately \$2.0 million from last year's net position. As of June 30, 2020, the District had unrestricted net position of (\$71.1 million).

At the end of the current fiscal year, the aggregated fund balance for the District's operating funds (General Fund, Special Education Fund, and Vocational Technical Education Fund) was \$17.8 million or 34% of the total expenditures of these operating funds. Last year it was at 34%. As of June 30, 2020, a total of \$3.5 million is internally committed for future building/renovation projects.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a whole (government-wide statements), and then proceed to provide an increasingly detailed look at specific financial activities.

Reporting the District as a Whole

The Statement of Net Position and Statement of Activities

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a manner that helps to answer this question. These statements include all assets, deferred outflows, liabilities, and deferred inflows of the District using the accrual basis of accounting similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

VAN BUREN INTERMEDIATE SCHOOL DISTRICT - LAWRENCE, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

The government-wide financial statements distinguish functions of the Van Buren Intermediate School District that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the Van Buren Intermediate School District include instruction, support services, transfers to local districts and community services.

This annual financial statement reports the District's net position and changes in them. The change in net position provides the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. The reader will need to consider other non-financial factors such as property tax base, political conditions at the State Capitol, student enrollment growth, birth rates and facility conditions in arriving at their conclusion regarding the overall health of the District.

Reporting the District's Most Significant Funds

Fund Financial Statements

Our analysis of the District's major funds can be found in this report under the heading "major governmental funds budgeting and operating highlights". The fund financial statements are found in this report and provide detailed information about the most significant funds. The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual". The District's only type of funds are governmental funds.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or less financial resources available to spend in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the basic financial statements.

VAN BUREN INTERMEDIATE SCHOOL DISTRICT - LAWRENCE, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows were less than liabilities and deferred inflows at June 30, 2020.

The following is the analysis for fiscal years 2020 and 2019:

STATEMENT OF NET POSITION
JUNE 30
(IN MILLIONS)

	Governmental Activities	
	2020	2019
Current assets	\$ 25.1	\$ 23.5
Noncurrent assets	20.6	18.1
Total assets	45.7	41.6
Deferred outflows	29.2	29.5
Current liabilities	6.9	6.3
Noncurrent liabilities	0.6	0.5
Net other postemployment benefits liability	18.4	20.6
Net pension liability	85.0	78.1
Total liabilities	110.9	105.5
Deferred inflows	14.8	14.5
Net position		
Net investment in capital assets	20.3	17.7
Unrestricted	(71.1)	(66.6)
Total net position	\$ (50.8)	\$ (48.9)

VAN BUREN INTERMEDIATE SCHOOL DISTRICT - LAWRENCE, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Concluded)

Governmental Activities

CHANGES IN NET POSITION
YEAR ENDED JUNE 30
(IN MILLIONS)

	<u>Governmental Activities</u>	
	<u>2020</u>	<u>2019</u>
Revenues		
Program Revenues:*		
Charges for Services	\$ 1.4	\$ 0.9
Operating Grants and Contributions	25.6	23.7
General Revenues:		
Property Taxes	24.3	23.7
State Aid	1.7	1.7
Other	1.8	1.9
Total revenues	54.8	51.9
Functions/Programs Expenses		
Instruction	18.6	17.9
Support Services	32.4	26.8
Other	4.7	4.4
Depreciation	1.1	1.1
Total Expenses	56.8	50.2
CHANGE IN NET POSITION	\$ (2.0)	\$ 1.7

* Program revenues include: Fees charged to local schools for services, Career Technical Center program sales, special education sales, and restricted state/federal monies.

VAN BUREN INTERMEDIATE SCHOOL DISTRICT - LAWRENCE, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS

The School District's budgets are prepared according to Michigan law. The most significant budgeted funds are the General Fund, the Special Education Fund, and the Vocational Technical Education Fund. During the fiscal year ended June 30, 2020, the School District amended the budgets of these major governmental funds two times.

General Fund

The general fund actual revenue and other financing sources were \$12.7 million. That amount is lower than the original budget of \$13.0 million and lower than the final amended budget of \$14.2 million. The original budget was increased by \$1.2 million for expected increases in local, state, and federal funding. The variance between the final amended budget and the June 30, 2020 actual results was due to \$1,457,000 of state and federal grant revenue being less than projected.

The actual expenditures and other financing uses of the general fund were \$12.9 million, which is lower than the original budget estimate of \$13.0 million and less than the final amended budget of \$14.4 million. The \$1.4 million variance between the original and final budget was due to anticipated increases in grant activities in the areas of instruction, support services, and community services. The \$1.5 million variance between the final amended budget and the June 30, 2020 actual results was due to not fully expending monies in all program areas during the current year.

The general fund had total revenues and other financing sources of \$12.7 million and total expenditures and other financing uses of \$12.9 million with an ending fund balance of \$2.2 million. The original 2020-2021 budget projects that revenues will exceed expenditures by approximately \$45,000.

Special Education Fund

The special education fund actual revenue and other financing sources was \$29.8 million. That amount is lower than the original budget estimate of \$30.2 million and lower than the final amended budget of \$30.4 million. The \$0.2 million variance between the original and final budget was due to an increase in local and state funding. The \$557,000 variance between the final amended budget and the June 30, 2020 actual results was primarily due to federal and local revenue being less than projected.

The actual expenditures and other financing uses of the special education fund were \$29.1 million, which is lower than the original budget estimate of \$30.7 million and lower than the final amended budget of \$30.8 million. The \$1.7 million variance between the final amended budget and the June 30, 2020 actual results was due to not fully expending all monies in program areas.

The special education fund had total revenues and other financing sources of \$29.8 million and total expenditures and other financing uses of \$29.1 million with an ending fund balance of \$6.1 million. As of June 30, 2020, \$1.5 million of the fund balance was committed for a future building addition. The original 2020-2021 budget projects that revenues will exceed expenditures by approximately \$436,000.

VAN BUREN INTERMEDIATE SCHOOL DISTRICT - LAWRENCE, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS (Concluded)

Vocational Technical Education Fund

The vocational-technical education fund actual revenue and other financing sources for the fiscal year ending June 30, 2020 was \$14.2 million. That amount is higher than the original budget of \$14.0 million and less than the final amended budget of \$14.2 million. The \$206,000 variance between the original and final budget was due to an increase in state and local revenue. The \$20,000 variance between the final amended budget and the June 30, 2020 actual results was due to local revenue being less than projected.

The actual expenditures and other financing uses of the vocational-technical education fund were \$13.9 million, which is lower than the original budget of \$16.2 million and lower than the final amended budget of \$15.0 million. The variance of \$1.2 million between the original and final budget was due to a decrease in instructional costs and supporting services costs. The \$1,057,000 variance between the final amended budget and the June 30, 2020 actual results was due to not fully expending program areas.

The vocational technical education fund had total revenues and other financing sources of \$14.2 million and total expenditures and other financing uses of \$13.9 million with an ending fund balance of \$9.5 million. As of June 30, 2020, \$2.0 million of the fund balance was committed for a future building addition. The original 2020-2021 budget projects that expenditures will exceed revenues by approximately \$1.6 million.

GOVERNMENTAL FUND REVENUES

The total major governmental fund revenues of the District were \$54.7 million. Of the total major governmental fund revenues, \$27.0 million or 49.4% were generated from local sources, \$19.1 million or 35.0% were generated from state sources, \$7.1 million or 13.0% from federal sources, and \$1.5 million or 2.7% were from incoming transfers and other transactions.

GOVERNMENTAL FUND EXPENDITURES

In reviewing the chart below, you will see that special education comprises 52.1% of all the expenditures within the governmental funds of the School District. Total governmental fund expenditures amounted to \$53.9 million. The governmental funds had a net gain in fund balance of approximately \$780,000. The ending fund balance for all governmental funds was \$17.9 million which represents 33.2% of current year expenditures. The ending fund balance percentage for the prior year represented 34.3% of last year's expenditures. The fund balance will be used to fund future programming, capital improvements and for maintenance of adequate cash flow.

	June 30, 2020	% of Total	June 30, 2019	% of Total
General fund	\$ 12.7	23.6%	\$ 11.1	22.4%
Special education fund	28.1	52.1%	27.0	54.3%
Vocational technical education fund	11.0	20.4%	11.4	22.9%
Non major funds	2.1	3.9%	0.2	0.4%
TOTAL	\$ 53.9	100.0%	\$ 49.7	100.0%

VAN BUREN INTERMEDIATE SCHOOL DISTRICT - LAWRENCE, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2020, the School District had \$38.5 million invested in land and buildings, furniture and equipment, vehicles and buses. Of this amount, \$18.2 million in depreciation has been taken over the years. We currently have net book value of \$20.3 million. Total acquisitions and disposals netted for the year were \$3.7 million and depreciation was \$1.1 million. It should be noted that as our buildings and vehicles continue to age, repairs and maintenance will be ongoing and will drain resources from the respective fund expenditures. See the notes to financial statements indicating the increases in the different asset areas.

CAPITAL ASSETS AT YEAR END
(NET OF DEPRECIATION, In Millions)

	Governmental Activities	
	2020	2019
Land	\$ 1.1	\$ 1.1
Construction in process	3.2	0.4
Buildings and improvements	13.7	13.6
Furniture and equipment	1.4	1.4
Vehicles/Buses	0.9	1.2
	\$ 20.3	\$ 17.7

See Note 5 regarding long-term debt of \$625,147.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

Property Taxes

A ruling from the Michigan Court of Appeals on the taxable value and the true cash value assessment for tax years 2010 and 2011 on two parcels of property was settled. The taxing units lost the appeal on the valuation of these properties and tax overpayments were refunded in 2017-18. Three parcels for tax years 2012-2018 were appealed to the Michigan Tax Tribunal. On July 24, 2018 a settlement agreement was reached for tax years 2012-2015 and net tax overpayments were refunded in 2018-19. The District's legal liability associated with this appeal totaled \$327,742. In 2015, the parcels were sold; however, there is a dispute on the total valuation of the properties for 2016 and subsequent years. There is currently litigation on this matter and if valuations stay the same, the District would be owed delinquent taxes.

Capital Project

A partnership between the District and the Van Buren/Cass District Health Department to build a new 18,000 square foot addition to the District's Van Buren Tech was finalized in August of 2019. The project went out for bid in the Spring of 2019. The addition will house an 8-chair dental clinic along with space for offices and two classrooms. A "Main Street" hallway will be built to connect the existing facility to the new addition. The Health Department's financial portion of the building is estimated to cost \$5.5 million. The cost of the "Main Street" addition and the two classrooms at the Van Buren Tech is projected to be \$4 million. The completion date for this project is expected before February 1, 2021.

VAN BUREN INTERMEDIATE SCHOOL DISTRICT - LAWRENCE, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS (Concluded)

Retirement Costs

Pension costs continue to be an area of concern. At the time of budget preparation, the pension rate was projected to be on average around 28% plus an additional 12.41% for the unfunded actuarial accrued liability stabilization. These rates were considered in preparing the Van Buren Intermediate School District's expenditure budgets for the 2020-21 fiscal year.

2020-21 Budgets

The Van Buren Intermediate School District adopted budgets for 2020-21 are as follows:

	General Fund	Special Education	Vocational/Technical
Revenue	\$13,265,451	\$34,926,055	\$14,192,896
Expenditures	<u>13,220,880</u>	<u>34,489,773</u>	<u>15,785,792</u>
Excess of Revenue			
Over (Under) Expenditures	<u>\$ 44,571</u>	<u>\$ 436,282</u>	<u>\$ (1,592,896)</u>

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Van Buren Intermediate School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Barbara Matthews
 Director of Finance and Operations
 Van Buren Intermediate School District
 490 South Paw Paw Street
 Lawrence, Michigan 49064
 Fax (269) 674-8030, Office Telephone (269) 674-8091
 Email - bmatthews@vbisd.org

BASIC FINANCIAL STATEMENTS

**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020**

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 4,441,377
Investments	15,325,623
Receivables	
Accounts receivable	545,879
Taxes receivable	177,478
Intergovernmental	4,450,537
Other	575
Prepays	1,000
Inventories	144,027
Taxes receivable - property tax appeal	275,044
Capital assets not being depreciated	4,350,666
Capital assets, net of accumulated depreciation	15,963,483
TOTAL ASSETS	45,675,689
DEFERRED OUTFLOWS OF RESOURCES	
Related to other postemployment benefit	5,659,483
Related to pension	23,582,653
TOTAL DEFERRED OUTFLOWS OF RESOURCES	29,242,136
LIABILITIES	
Accounts payable	1,765,595
Accrued salaries and related items	2,102,729
Accrued retirement	829,823
Intergovernmental	504,461
Unearned revenue	1,644,671
Noncurrent liabilities	
Due within one year	40,000
Due in more than one year	585,147
Net other postemployment benefit liability	18,434,538
Net pension liability	85,008,396
TOTAL LIABILITIES	110,915,360
DEFERRED INFLOWS OF RESOURCES	
Related to pension	4,341,483
Related to other postemployment benefit	7,594,721
Related to state aid funding for pension	2,833,199
TOTAL DEFERRED INFLOWS OF RESOURCES	14,769,403
NET POSITION	
Net investment in capital assets	20,314,149
Unrestricted	(71,081,087)
TOTAL NET POSITION	\$ (50,766,938)

See notes to financial statements.

**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (expense) Revenue and Changes in Net Position</u>
Governmental activities				
Instruction	\$ 18,642,031	\$ 865,487	\$ 14,800,553	\$ (2,975,991)
Support services	32,380,587	424,703	9,397,355	(22,558,529)
Community services	395,644	159,012	234,471	(2,161)
Outgoing transfer and other transactions	4,316,950	-	1,183,131	(3,133,819)
Unallocated depreciation	1,144,757	-	-	(1,144,757)
Total governmental activities	<u>\$ 56,879,969</u>	<u>\$ 1,449,202</u>	<u>\$ 25,615,510</u>	<u>(29,815,257)</u>
General revenues				
Property taxes, levied for general purposes				575,222
Property taxes, levied for special education				13,563,325
Property taxes, levied for vocational education				10,170,750
State aid not restricted to specific purposes				1,741,465
Investment earnings				184,699
Other				1,616,880
Total general revenues				<u>27,852,341</u>
CHANGE IN NET POSITION				(1,962,916)
NET POSITION				
Beginning of year, as restated				<u>(48,804,022)</u>
End of year				<u>\$ (50,766,938)</u>

See notes to financial statements.

**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020**

	<u>General Fund</u>	<u>Special Revenue</u>		<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
		<u>Special Education Fund</u>	<u>Vocational Education Fund</u>		
ASSETS					
Cash and cash equivalents	\$ 1,321,569	\$ 1,724,259	\$ 1,274,170	\$ 121,379	\$ 4,441,377
Investments	2,139,008	4,059,369	9,127,246	-	15,325,623
Receivables					
Accounts receivable	290,088	175,647	63,175	16,969	545,879
Taxes receivable	4,830	99,979	72,669	-	177,478
Intergovernmental	2,013,702	2,020,227	416,515	93	4,450,537
Due from other funds	276,481	447,703	173,077	427,098	1,324,359
Interest receivable	38	212	325	-	575
Prepays	1,000	-	-	-	1,000
Inventories	-	-	144,027	-	144,027
TOTAL ASSETS	\$ 6,046,716	\$ 8,527,396	\$ 11,271,204	\$ 565,539	\$ 26,410,855
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 281,872	\$ 750,239	\$ 296,066	\$ 437,418	\$ 1,765,595
Accrued salaries and related items	411,604	1,246,648	444,477	-	2,102,729
Accrued retirement	829,823	-	-	-	829,823
Due to other funds	524,923	249,401	517,792	32,243	1,324,359
Intergovernmental	86,163	4,029	414,269	-	504,461
Unearned revenue	1,579,768	21,157	43,746	-	1,644,671
TOTAL LIABILITIES	3,714,153	2,271,474	1,716,350	469,661	8,171,638
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	148,447	119,913	74,968	-	343,328

See notes to financial statements.

	Special Revenue				Total Nonmajor Funds	Total Governmental Funds
	General Fund	Special Education Fund	Vocational Education Fund			
FUND BALANCES						
Nonspendable						
Inventories	\$ -	\$ -	\$ 144,027	\$ -	\$ -	\$ 144,027
Prepays	1,000	-	-	-	-	1,000
Restricted for:						
Special education	-	6,136,009	-	-	-	6,136,009
Vocational education	-	-	9,335,859	-	-	9,335,859
Food service	-	-	-	53,449	-	53,449
Committed for:						
Student/school activities	-	-	-	33,063	-	33,063
Assigned for:						
Capital projects	-	-	-	9,366	-	9,366
Unassigned:						
General fund	2,183,116	-	-	-	-	2,183,116
TOTAL FUND BALANCES	<u>2,184,116</u>	<u>6,136,009</u>	<u>9,479,886</u>	<u>95,878</u>	<u>-</u>	<u>17,895,889</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 6,046,716</u>	<u>\$ 8,527,396</u>	<u>\$ 11,271,204</u>	<u>\$ 565,539</u>	<u>\$ -</u>	<u>\$ 26,410,855</u>
Total governmental fund balances						\$ 17,895,889
Amounts reported for governmental activities in the statement of net position are different because:						
Deferred outflows of resources - related to pension						23,582,653
Deferred inflows of resources - related to pension						(4,341,483)
Deferred outflows of resources - related to other postemployment benefit						5,659,483
Deferred inflows of resources - related to other postemployment benefit						(7,594,721)
Deferred inflows of resources - related to state aid funding for pension						(2,833,199)
Capital assets used in governmental activities are not financial resources and are not reported in the funds:						
The cost of the capital assets is				\$ 38,516,113		
Accumulated depreciation is				<u>(18,201,964)</u>		20,314,149
Long-term liabilities are not due and payable in the current period and are not reported in the funds:						
Compensated absences						(625,147)
Net other postemployment benefits liability						(18,434,538)
Net pension liability						(85,008,396)
Property tax appeal receivable						275,044
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds:						
Deferred inflows unavailable revenue at June 30, 2020						94,020
Deferred inflows unavailable property tax revenue at June 30, 2020						<u>249,308</u>
Net position of governmental activities						<u>\$ (50,766,938)</u>

See notes to financial statements.

**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020**

	<u>Special Revenue</u>				
	<u>General Fund</u>	<u>Special Education Fund</u>	<u>Vocational Education Fund</u>	<u>Total Nonmajor Funds</u>	
REVENUES					
Local sources					
Property taxes	\$ 573,370	\$ 13,519,691	\$ 10,146,226	\$ -	\$ 24,239,287
Interest	31,371	51,020	101,732	144	184,267
Non-educational entity	4,967	44,023	33,020	-	82,010
Other	499,848	1,661,799	330,263	15,160	2,507,070
Total local sources	1,109,556	15,276,533	10,611,241	15,304	27,012,634
State sources	6,075,510	10,009,961	3,014,427	457	19,100,355
Federal sources	2,696,022	4,121,195	146,527	169,849	7,133,593
Incoming transfers and other	859,353	273,199	322,567	-	1,455,119
Total revenues	10,740,441	29,680,888	14,094,762	185,610	54,701,701
EXPENDITURES					
Instruction	2,418,242	8,597,054	5,754,204	-	16,769,500
Supporting services	8,700,488	16,928,378	3,298,779	161,967	29,089,612
Community services	321,595	25,762	34,807	13,480	395,644
Capital outlay	26,778	1,475,955	342,958	1,927,099	3,772,790
Outgoing transfers and other	1,273,491	1,031,570	1,599,679	-	3,904,740
Total expenditures	12,740,594	28,058,719	11,030,427	2,102,546	53,932,286

See notes to financial statements.

	<u>Special Revenue</u>				
	<u>General Fund</u>	<u>Special Education Fund</u>	<u>Vocational Education Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ (2,000,153)	\$ 1,622,169	\$ 3,064,335	\$ (1,916,936)	\$ 769,415
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	-	10,440	-	-	10,440
Transfers in	1,971,025	132,189	61,112	1,918,825	4,083,151
Transfers out	(120,362)	(1,088,826)	(2,866,763)	(7,200)	(4,083,151)
Total other financing sources (uses)	1,850,663	(946,197)	(2,805,651)	1,911,625	10,440
NET CHANGE IN FUND BALANCES	(149,490)	675,972	258,684	(5,311)	779,855
FUND BALANCES					
Beginning of year, as restated	2,333,606	5,460,037	9,221,202	101,189	17,116,034
End of year	<u>\$ 2,184,116</u>	<u>\$ 6,136,009</u>	<u>\$ 9,479,886</u>	<u>\$ 95,878</u>	<u>\$ 17,895,889</u>

See notes to financial statements.

**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

Net change in fund balances total governmental funds	\$ 779,855
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures in the statement of activities. These costs are allocated over their estimated useful lives as depreciation:	
Depreciation expense	(1,144,757)
Capital outlay	3,718,494
Revenue is recorded on the accrual method in the statement of activities in the governmental funds it is recorded on the modified accrual method and not considered available:	
Unavailable revenue, beginning of year	(166,172)
Unavailable revenue, end of year	343,328
Property tax tribunal appeals are reported on the accrual method in the statement, of net position and not recorded in the governmental funds:	
Property tax appeal liability, beginning of the year	(388,096)
Property tax appeal receivable, end of the year	275,044
Compensated absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when the financial resources are used in the governmental funds:	
Accrued compensated absences, beginning of the year	544,376
Accrued compensated absences, end of the year	(625,147)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:	
Other postemployment benefits related items	1,416,701
Pension related items	(6,744,298)
Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to section 147c pension contributions subsequent to the measurement period:	
State aid funding for pension, beginning of year	2,860,955
State aid funding for pension, end of year	<u>(2,833,199)</u>
Change in net position of governmental activities	<u>\$ (1,962,916)</u>

**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. *Governmental activities* normally are supported by taxes and intergovernmental revenues.

Reporting Entity

The Van Buren Intermediate School District (the "District") is governed by the Van Buren Intermediate School District Board of Education (the "Board"), which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by the accounting principles generally accepted in the United States of America. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District's reporting entity does not contain any component units as defined by the Governmental Accounting Standards Board (GASB).

Basis of Presentation - Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds. Separate financial statements are provided for governmental funds.

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

Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

Special revenue funds:

The *special education fund* accounts for revenue sources that are legally restricted to expenditures for special education.

The *vocational education fund* accounts for revenue sources that are legally restricted to expenditures for career services and technical education.

**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements (continued)

Other Nonmajor Funds

The nonmajor *special revenue funds* account for the revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service and student/school activities in special revenue funds.

The *capital projects fund* accounts for the accumulation of resources for the construction/purchase of construction/capital assets.

During the course of operations, the 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, they are eliminated in the preparation of the government-wide financial statements.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues 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.

**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are generally collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, state and federal aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a state-wide formula. The foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the current year ended, the foundation allowance was based on pupil membership counts.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills on Principal Residence Exemption (PRE) property and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by Non-PRE property taxes which may be levied at a rate of up to 18 mills as well as 6 mills for Commercial Personal Property Tax. The state revenue is recognized during the foundation period and is funded through payments from October to August. Thus, the unpaid portion at June 30 is reported as an intergovernmental receivable.

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received and accrued, which are not expended by the close of the fiscal year are recorded as unearned revenue.

All other revenue items are generally considered to be measurable and available only when cash is received by the District.

**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Information

Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and major special revenue funds. The nonmajor fund does have an appropriated budget.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executor) contracts for goods or services (i.e., purchase orders, contracts, and commitments). The District does not utilize encumbrance accounting.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general, special education and vocational education funds are noted in the required supplementary information section.
4. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.
5. The budget was amended during the year with supplemental appropriations, the last one approved prior to year ended June 30. The District does not consider these amendments to be significant.

**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of 3 months or less from the date of acquisition.

Investments

In accordance with Michigan Compiled Laws, the District is authorized to invest in the following investment vehicles:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration (NCUA), but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.
- c. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
- d. The United States government or federal agency obligations repurchase agreements.
- e. Bankers acceptances of United States banks.
- f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Inventories and Prepays

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Inventories of the vocational education fund are comprised principally of land held for resale and a house held for resale.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include property, plant, equipment, and transportation vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of 2 years. Group purchases are evaluated on a case by case basis. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Land is not depreciated. The other property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Capital Asset Classes	Lives
Buildings and additions	20 - 50
Furniture and other equipment	5 - 20
Buses and other vehicles	8

**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Defined Benefit Plan

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

Deferred Outflows

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. They are the pension and other postemployment benefit related items reported in the government-wide statement of net position. A deferred outflow is recognized for pension and other postemployment benefit related items. These amounts are expensed in the plan year in which they apply.

Deferred Inflows

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category. The first is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension contributions subsequent to the measurement period. The second and third items are future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension and other postemployment benefit liability and the actual results. The amounts are amortized over a period determined by the actuary. The fourth item arises only under the modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from receipts that are received after 60 days of year-end. These amounts are deferred and recognized as inflow of resources in the period that the amounts become available.

Net Position Flow Assumption

Sometimes the District will 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 District's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Fund Balance Flow Assumptions

Sometimes the District will 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 District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The 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 District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the District that can, by adoption of a board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the board action remains in place until a similar action is taken (the adoption of another board action) to remove or revise the limitation.

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

Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, unrestricted state aid, interest, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses (continued)

Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied and become a lien as of July 1 and December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due dates are September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

For the year ended June 30, 2020, the District levied the following amounts per \$1,000 of assessed valuation:

Fund	Mills
General fund	0.1407
Special revenue funds	
Special education fund	3.3177
Vocational education fund	2.4885

Compensated Absences

The District's policy permits employees to accumulate earned but unused vacation and sick leave benefits, which are eligible for payment upon separation from service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method over the term of the related debt. Bond issuance costs are reported as expenditures in the year in which they are incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS

As of June 30, 2020 the District had deposits and investments subject to the following risk:

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2020, \$18,395,232 of the District's bank balance of \$19,204,382 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying value on the books for deposits at the end of the year was \$18,987,519.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business.

Interest rate risk. In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; 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 District's cash requirements.

Investment Type	Fair Value	Weighted Average Maturity (Years)
MILAF External Investment Pool - CMC	\$ 1,589	N/A
MILAF External Investment Pool - MAX	<u>777,892</u>	N/A
Total fair value	<u>\$ 779,481</u>	

Concentration of credit risk. The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

Investment Type	Fair Value	Rating	Rating Agency
MILAF External Investment Pool - CMC	\$ 1,589	AAAm	Standard & Poor's
MILAF External Investment Pool - MAX	<u>777,892</u>	AAAm	Standard & Poor's
Total	<u>\$ 779,481</u>		

**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS

Foreign currency risk. The District is not authorized to invest in investments which have this type of risk.

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

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

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

The District’s investments are not subject to the fair value reporting.

The District voluntarily invests certain excess funds in external pooled investment funds which included money market funds. One of the pooled investment funds utilized by the District is the Michigan Investment Liquid Asset Fund (MILAF). MILAF funds are considered external investment pools as defined by the GASB and as such are recorded at amortized cost which approximate fair value. The MILAF (MAX Class) fund requires notification of redemptions prior to 14 days to avoid penalties. These funds are not subject to the fair value disclosures.

	Amortized Cost
MILAF External Investment Pool - CMC	\$ 1,589
MILAF External Investment Pool - MAX	777,892
	\$ 779,481

The cash and cash equivalents and investments referred to above have been reported in either the cash and cash equivalents or investments captions on the financial statements, based upon criteria disclosed in Note 1.

**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS

The carrying amount of deposits and investments are as follows as of June 30, 2020:

Deposits	\$ 18,987,519
Investments	<u>779,481</u>
	<u><u>\$ 19,767,000</u></u>

The above amounts are reported in the financial statements as follows:

	<u>Primary Government</u>
Cash and cash equivalents	\$ 4,441,377
Investments	<u>15,325,623</u>
	<u><u>\$ 19,767,000</u></u>

NOTE 3 - INTERGOVERNMENTAL RECEIVABLES

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

Governmental units	
State aid	\$ 3,472,486
Federal revenue - subrecipient	870,309
Other	<u>107,742</u>
	<u><u>\$ 4,450,537</u></u>

Amounts due from governmental units include amounts due from federal, state and local sources for various projects and programs.

Because of the District's favorable collection experience, no allowance for doubtful accounts has been recorded.

**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 - CAPITAL ASSETS

A summary of changes in the District's capital assets follows:

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Assets not being depreciated:				
Land	\$ 1,138,831	\$ -	\$ 3,255	\$ 1,135,576
Construction in process	408,995	2,806,095	-	3,215,090
Subtotal	<u>1,547,826</u>	<u>2,806,095</u>	<u>3,255</u>	<u>4,350,666</u>
Other capital assets:				
Buildings and additions	22,864,550	554,484	-	23,419,034
Equipment	6,426,184	361,170	-	6,787,354
Buses and other equipment	4,384,713	-	425,654	3,959,059
Subtotal	<u>33,675,447</u>	<u>915,654</u>	<u>425,654</u>	<u>34,165,447</u>
Accumulated depreciation:				
Buildings and additions	9,245,149	588,105	-	9,833,254
Equipment	5,075,829	282,834	-	5,358,663
Buses and other equipment	3,161,883	273,818	425,654	3,010,047
Subtotal	<u>17,482,861</u>	<u>1,144,757</u>	<u>425,654</u>	<u>18,201,964</u>
Net capital assets being depreciated	<u>16,192,586</u>	<u>(229,103)</u>	<u>-</u>	<u>15,963,483</u>
Net capital assets	<u>\$ 17,740,412</u>	<u>\$ 2,576,992</u>	<u>\$ 3,255</u>	<u>\$ 20,314,149</u>

Depreciation for the fiscal year ended June 30, 2020 amounted to \$1,144,757. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

NOTE 5 - LONG-TERM OBLIGATIONS

The District may issue general and limited obligation bonds to provide funds for the acquisition, construction and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. The District currently has no general obligation or limited obligation debt outstanding. Long-term obligations currently outstanding are as follows:

Compensated absences	<u>\$ 625,147</u>
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**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

The following is a summary of long-term obligations for the District for the year ended June 30, 2020.

	Compensated Absences
Balance, July 1, 2019	\$ 544,376
Additions	80,771
Deletions	-
Balance, June 30, 2020	625,147
Due within one year	(40,000)
Due in more than one year	\$ 585,147

The District has been monitoring a significant property tax appeal case which has been going on for several years. A legal judgement was made during 2019 that officially set the proper taxable values of the property under appeal. This judgement is currently under an additional appeal. Based on this judgement, the change in taxable values resulted in a receivable of delinquent taxes of \$275,044 owed to the District at June 30, 2020. The estimated property tax appeal receivable has been recorded on the Statement of Net Position under the accrual basis method of accounting.

NOTE 6 - INTERFUND TRANSFERS, RECEIVABLES AND PAYABLES

The composition of interfund transfers is as follows:

	Transfers Out				Total
	General Fund	Special Education Fund	Vocational Education Fund	Food Service Fund	
Transfers in					
General fund	\$ -	\$ 1,088,826	\$ 874,999	\$ 7,200	\$ 1,971,025
Special education fund	59,250	-	72,939	-	132,189
Capital projects fund	-	-	1,918,825	-	1,918,825
Vocational education fund	61,112	-	-	-	61,112
Total	\$ 120,362	\$ 1,088,826	\$ 2,866,763	\$ 7,200	\$ 4,083,151

Transfers are made annually to allocate expenditures for indirect costs.

**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - INTERFUND TRANSFERS, RECEIVABLES AND PAYABLES (continued)

Amounts due to and from other funds at June 30, 2020 are as follows:

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	\$ 276,481	General fund	\$ 524,923
Special education fund	447,703	Special education fund	249,401
Vocational education fund	173,077	Vocational education fund	517,792
Food service fund	-	Food service fund	32,243
Capital projects fund	427,098	Capital projects fund	-
	<u>\$ 1,324,359</u>		<u>\$ 1,324,359</u>

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

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

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

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

Benefits Provided - Overall

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

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

**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Benefits Provided - Pension

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

Prior to Pension reform of 2010 there were two plans commonly referred to as Basic and the Member Investment Plan (MIP). Basic Plan member's contributions range from 0% - 4%. On January 1, 1987, the Member Investment Plan (MIP) was enacted. MIP members enrolled prior to January 1, 1990, contribute at a permanently fixed rate of 3.9% of gross wages. Members first hired January 1, 1990, or later including Pension Plus Plan members, contribute at various graduated permanently fixed contribution rates from 3.0% - 7.0%.

Pension Reform 2010

On May 19, 2010, the Governor signed Public Act 75 of 2010 into law. As a result, any member of the Michigan Public School Employees' Retirement System (MPERS) who became a member of MPERS after June 30, 2010 is a Pension Plus member. Pension Plus is a hybrid plan that contains a pension component with an employee contribution (graded, up to 6.4% of salary) and a flexible and transferable defined contribution (DC) tax-deferred investment account that earns an employer match of 50% (up to 1% of salary) on employee contributions. Retirement benefits for Pension Plus members are determined by final average compensation and years of service. Disability and survivor benefits are available to Pension Plus members.

Pension Reform 2012

On September 4, 2012, the Governor signed Public Act 300 of 2012 into law. The legislation grants all active members who first became a member before July 1, 2010 and who earned service credit in the 12 months ending September 3, 2012 or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their pension. Any changes to a member's pension are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after February 1, 2013.

Under the reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund.

An amount determined by the member's election of Option 1, 2, 3, or 4 described below:

Option 1 - Members voluntarily elected to increase their contributions to the pension fund as noted below and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they terminate public school employment.

- Basic plan members: 4% contribution
- Member Investment Plan (MIP)-Fixed, MIP-Graded, and MIP-Plus members: a flat 7% contribution

**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Option 2 - Members voluntarily elected to increase their contribution to the pension fund as stated in Option 1 and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they reach 30 years of service. If and when they reach 30 years of service, their contribution rates will return to the previous level in place as of the day before their transition date (0% for Basic plan members, 3.9% for MIP-Fixed, up to 4.3% for MIP-Graded, or up to 6.4% for MIP-Plus). The pension formula for any service thereafter would include a 1.25% pension factor.

Option 3 - Members voluntarily elected not to increase their contribution to the pension fund and maintain their current level of contribution to the pension fund. The pension formula for their years of service as of the day before their transition date will include a 1.5% pension factor. The pension formula for any service thereafter will include a 1.25% pension factor.

Option 4 - Members voluntarily elected to no longer contribute to the pension fund and therefore are switched to the Defined Contribution plan for future service as of their transition date. As a DC participant they receive a 4% employer contribution to the tax-deferred 401(k) account and can choose to contribute up to the maximum amounts permitted by the IRS to a 457 account. They vest in employer contributions and related earnings in their 401(k) account based on the following schedule: 50% at 2 years, 75% at 3 years, and 100% at 4 years of service. They are 100% vested in any personal contributions and related earnings in their 457 account. Upon retirement, if they meet age and service requirements (including their total years of service), they would also receive a pension (calculated based on years of service and final average compensation as of the day before their transition date and a 1.5% pension factor).

Members who did not make an election before the deadline defaulted to Option 3 as described above. Deferred or nonvested public school employees on September 3, 2012, who return to public school employment on or after September 4, 2012, will be considered as if they had elected Option 3 above. Returning members who made the retirement plan election will retain whichever option they chose.

Employees who first work on or after September 4, 2012 choose between two retirement plans: the Pension Plus Plan and a Defined Contribution that provides a 50% employer match up to 3% of salary on employee contributions.

Final Average Compensation (FAC) - Average of highest 60 consecutive months for Basic Plan members and Pension Plus members (36 months for MIP members). FAC is calculated as of the last day worked unless the member elected Option 4, in which case the FAC is calculated at the transition date.

Pension Reform of 2017

On July 13, 2017, the Governor signed Public Act 92 of 2017 into law. The legislation closed the Pension Plus plan to newly hired employees as of February 1, 2018 and created a new, optional Pension Plus 2 plan with similar plan benefit calculations but containing a 50/50 cost share between the employee and the employer, including the cost of future unfunded liabilities. The assumed rate of return on the Pension Plus 2 plan is 6%. Further, under certain adverse actuarial conditions, the Pension Plus 2 plan will close to new employees if the actuarial funded ratio falls below 85% for two consecutive years. The law included other provisions to the retirement eligibility age, plan assumptions, and unfunded liability payment methods.

**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Benefits Provided - Other Postemployment Benefit (OPEB)

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree health care recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP-Graded plan members), the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008, (MIP-Plus plan members), have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date.

Retiree Healthcare Reform of 2012

Public Act 300 of 2012 granted all active members of the Michigan Public School Employees Retirement System, who earned service credit in the 12 months ending September 3, 2012, or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after February 1, 2013.

Under Public Act 300 of 2012, members were given the choice between continuing the 3% contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3% 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 healthcare expenses in retirement. Participants in the PHF are automatically enrolled in a 2% employee contribution into their 457 account as of their transition date, earning them a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions will be deposited into their 401(k) accounts.

Regular Retirement (No Reduction Factor for Age)

Eligibility - A Basic plan member may retire at age 55 with 30 years credited service; or age 60 with 10 years credited service. For Member Investment Plan (MIP) members, age 46 with 30 years credited service; or age 60 with 10 years credited service; or age 60 with five years of credited service provided member worked through 60th birthday and has credited service in each of the last five years. For Pension Plus Plan (PPP) members, age 60 with 10 years of credited service.

Annual Amount - The annual pension is paid monthly for the lifetime of a retiree. The calculation of a member's pension is determined by their pension election under PA 300 of 2012.

Member Contributions

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

**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Employer Contributions

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of pension benefits and OPEB. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The normal cost is the annual cost assigned under the actuarial funding method, to the current and subsequent plan years. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis.

Pension and OPEB contributions made in the fiscal year ending September 30, 2019 were determined as of the September 30, 2016 actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2016 are amortized over a 20-year period beginning October 1, 2018 and ending September 30, 2038.

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

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

The District's pension contributions for the year ended June 30, 2020 were equal to the required contribution total. Total pension contributions were approximately \$7,125,000. Of the total pension contributions, approximately \$6,976,000 was contributed to fund the Defined Benefit Plan and approximately \$149,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2020 were equal to the required contribution total. Total OPEB contributions were approximately \$2,095,000. Of the total OPEB contributions, approximately \$1,957,000 was contributed to fund the Defined Benefit Plan and approximately \$138,000 was contributed to fund the Defined Contribution Plan.

These amounts, for both pension and OPEB benefit, include contributions funded from State Revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate (100% for pension and 0% for OPEB).

**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

Pension Liabilities

The net pension liability was measured as of September 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2018 and rolled-forward using generally accepted actuarial procedures. The 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.

<u>MPERS (Plan) Non-university Employers</u>	<u>September 30, 2019</u>	<u>September 30, 2018</u>
Total pension liability	\$ 83,442,507,212	\$ 79,863,694,444
Plan fiduciary net position	\$ 50,325,869,388	\$ 49,801,889,205
Net pension liability	\$ 33,116,637,824	\$ 30,061,805,239
Proportionate share	0.25669%	0.25972%
Net pension liability for the District	\$ 85,008,396	\$ 78,077,026

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

For the year ended June 30, 2020, the District recognized pension expense of \$13,720,179.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 16,644,704	\$ -
Changes in proportion and differences between employer contributions and proportionate share of contributions	251,670	(1,262,631)
Net difference between projected and actual plan investment earnings	-	(2,724,375)
Differences between expected and actual experience	381,035	(354,477)
Reporting Unit's contributions subsequent to the measurement date	6,305,244	-
	<u>\$ 23,582,653</u>	<u>\$ (4,341,483)</u>

\$6,305,244, reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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

Year Ending September 30,	Amount
2020	\$ 5,349,369
2021	3,987,283
2022	2,557,835
2023	1,041,439

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

OPEB Liabilities

The net OPEB liability was measured as of September 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of September 30, 2018 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined.

<i>MPSERS (Plan) Non-university Employers</i>	September 30, 2019	September 30, 2018
Total other postemployment benefit liability	\$ 13,925,860,688	\$ 13,932,170,264
Plan fiduciary net position	\$ 6,748,112,668	\$ 5,983,218,473
Net other postemployment benefit liability	\$ 7,177,748,020	\$ 7,948,951,791
Proportionate share	0.25683%	0.25961%
Net other postemployment benefit liability for the District	\$ 18,434,538	\$ 20,636,316

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$540,283.

**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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

At June 30, 2020, the Reporting Unit 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
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ -	\$ (509,983)
Differences between expected and actual experience	-	(6,764,153)
Changes of assumptions	3,994,391	-
Net difference between projected and actual plan investments earnings	-	(320,585)
Reporting Unit's contributions subsequent to the	1,665,092	-
	\$ 5,659,483	\$ (7,594,721)

\$1,665,092, reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

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

Year Ending September 30,	Amount
2020	\$ (984,337)
2021	(984,337)
2022	(819,596)
2023	(543,744)
2024	(268,316)

**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions

Investment Rate of Return for Pension - 6.80% a year, compounded annually net of investment and administrative expenses for the MIP, Basic and Pension Plus groups and 6.00% a year, compounded annually net of investment and administrative expenses for Pension Plus 2 Plan.

Investment Rate of Return for OPEB - 6.95% a year, compounded annually net of investment and administrative expenses.

Salary Increases - The rate of pay increase used for individual members is 2.75%.

Inflation - 3.0%.

Mortality Assumptions:

Retirees - RP-2014 Male and Female Healthy Annuitant Mortality Tables scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Active - RP-2014 Male and Female Employee Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Disabled Retirees - RP-2014 Male and Female Disabled Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Experience Study - The annual actuarial valuation report of the System used for these statements is dated September 30, 2018. Assumption changes as a result of an experience study for the periods 2012 through 2017 have been adopted by the System for use in the determination of the total pension and OPEB liability beginning with the September 30, 2017 valuation.

The Long-Term Expected Rate of Return on Pension and Other Postemployment Benefit Plan Investments - The pension rate was 6.80% (MIP, Basic, and Pension Plus Plan) and 6.00% for Pension Plus 2 Plan, and the other postemployment benefit rate was 6.95%, net of investment and administrative expenses was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension and OPEB 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.

Cost of Living Pension Adjustments - 3.0% annual non-compounded for MIP members.

Healthcare Cost Trend Rate for Other Postemployment Benefit - 7.5% for year one and graded to 3.5% in year twelve.

**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

Additional Assumptions for Other Postemployment Benefit Only - Applies to individuals hired before September 4, 2012:

Opt Out Assumption - 21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.

Survivor Coverage - 80% of male retirees and 67% of female retirees are assumed to have coverage continuing after the retiree's death.

Coverage Election at Retirement - 75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

The target asset allocation at September 30, 2019 and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Investment Category</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return*</u>
Domestic Equity Pools	28.0%	5.5%
Alternate Investment Pools	18.0%	8.6%
International Equity Pools	16.0%	7.3%
Fixed Income Pools	10.5%	1.2%
Real Estate and Infrastructure Pools	10.0%	4.2%
Absolute Return Pools	15.5%	5.4%
Short Term Investment Pools	2.0%	0.8%
	<u>100.00%</u>	

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

Rate of Return - For fiscal year ended September 30, 2019, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 5.14% and 5.37% respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Discount Rate - A single discount rate of 6.80% was used to measure the total pension liability (6.00% for the Pension Plus 2 Plan). This discount rate was based on the expected rate of return on pension plan investments of 6.80% (6.00% for the Pension Plus 2 Plan). The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions from school districts will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

Pension Discount Rate - A single discount rate of 6.80% was used to measure the total pension liability (6.00% for the Pension Plus 2 Plan). This discount rate was based on the expected rate of return on pension plan investments of 6.80% (6.00% for the Pension Plus 2 Plan). The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions from school districts will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the Reporting Unit's proportionate share of the net pension liability calculated using a single discount rate of 6.80% (6.00% for the Pension Plus 2 Plan), as well as what the Reporting Unit's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Pension		
	1% Decrease	Discount rate	1% Increase
Reporting Unit's proportionate share of the net pension liability	\$ 110,516,353	\$ 85,008,396	\$ 63,861,421

**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the Reporting Unit's proportionate share of the net OPEB liability calculated using a single discount rate of 6.95%, as well as what the Reporting Unit's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Other Postemployment Benefit		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability	\$ 22,612,731	\$ 18,434,538	\$ 14,926,016

Sensitivity to the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the Reporting Unit's proportionate share of the net other postemployment benefit liability calculated using the healthcare cost trend rate of 7.5% (decreasing to 3.5%), as well as what the Reporting Unit's proportionate share of the net other postemployment benefit liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Other Postemployment Benefit		
	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability	\$ 14,777,270	\$ 18,434,538	\$ 22,612,235

Pension and OPEB Plan Fiduciary Net Position

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

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

**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - RISK MANAGEMENT

The District is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District participates in a distinct pool of educational institutions within the State of Michigan for self-insuring workers' disability compensation and property and casualty. The pool is considered a public entity risk pool. The District pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The pool maintains reinsurance for claims in excess of \$750,000 for each occurrence with the overall maximum coverage being unlimited. The District has not been informed of any special assessments being required.

The District continues to carry commercial insurance for other needs including health insurance for other employee groups.

The School District also has a self-insured dental and vision plan for the benefit of certain employees. Claims are handled by an administrative service organization, which is reimbursed on a regular basis by the District. The amount owed by the District for claims submitted at June 30, 2020 is \$4,884.

NOTE 9 - UNAVAILABLE/UNEARNED REVENUE

At June 30, 2020 the following funds recorded unavailable/unearned revenue. "Unavailable" represents grant receipts which were received after September 1 and will be recorded as revenue in the next fiscal year at the fund level. Unearned represents funds received, but program expenditures have not yet been incurred.

	Other Unavailable	Federal Unavailable	Other Unearned	Total
General fund	\$ 71,337	\$ 77,110	\$ 1,579,768	\$ 1,728,215
Special education fund	103,003	16,910	21,157	141,070
Vocational education fund	74,968	-	43,746	118,714
	<u>\$ 249,308</u>	<u>\$ 94,020</u>	<u>\$ 1,644,671</u>	<u>\$ 1,987,999</u>

NOTE 10 - COMMITMENTS

The District has committed \$3,500,000 to future building projects at June 30, 2020. These funds are committed from special revenue funds. As a result, fund balance is shown as restricted at June 30, 2020.

**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 11 - TAX ABATEMENTS

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

Municipality	Taxes Abated
Antwerp Township	\$ 69,441
Bloomington Township	35
City of Bangor	5,217
City of South Haven	8,806
Covert Township	2,951
Decatur Township	196
Hartford Township	858
Keeler Township	2,076
Lawrence Township	1,120
Paw Paw Township	39,058
Pine Grove Township	41
	\$ 129,799

There are no abatements made by the District.

NOTE 12 - CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 13 - NEW ACCOUNTING STANDARD

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

Summary

Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, was issued by the GASB in January 2017. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities for all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Districts with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position.

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

	Fund Balances	
	General Fund	Special Education Fund
Fund balances as of July 1, 2019, as previously stated	\$ 2,326,344	\$ 5,458,645
Adoption of GASB Statement 84	7,262	1,392
Fund balance as of July 1, 2019, as restated	\$ 2,333,606	\$ 5,460,037

	Fund Balances	
	Vocational Education Fund	Student/School Activity Fund
Fund balances as of July 1, 2019, as previously stated	\$ 9,213,577	\$ -
Adoption of GASB Statement 84	7,625	36,287
Fund balance as of July 1, 2019, as restated	\$ 9,221,202	\$ 36,287

**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 13 - NEW ACCOUNTING STANDARD (continued)

	Fund Balances	
	Total Governmental Funds	
Fund balances as of July 1, 2019, as previously stated	\$	17,063,468
Adoption of GASB Statement 84		52,566
Fund balance as of July 1, 2019, as restated	\$	17,116,034
	Net Postion	
	Governmental Activities	Custodial Fund
Net position as of July 1, 2019, as previously stated	\$ (48,856,588)	\$ 20,188
Adoption of GASB Statement 84	52,566	(20,188)
Net position as of July 1, 2019, as restated	\$ (48,804,022)	\$ -

NOTE 14 - UPCOMING ACCOUNTING PRONOUNCEMENT

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, was issued by the GASB in June 2017 and will be effective for the District's 2022 year end. The objective of this Statement is to increase the usefulness of governments' financial statements by requiring 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 the 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, thereby enhancing the relevance and consistency of information about governments' leasing activities.

REQUIRED SUPPLEMENTARY INFORMATION

**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Local sources	\$ 989,279	\$ 1,051,029	\$ 1,104,589	\$ 53,560
Non-educational entity	4,789	4,968	4,967	(1)
State sources	6,227,479	6,666,200	6,075,510	(590,690)
Federal sources	3,347,566	3,561,849	2,696,022	(865,827)
Incoming transfers and other transactions	504,295	972,652	859,353	(113,299)
Total revenues	<u>11,073,408</u>	<u>12,256,698</u>	<u>10,740,441</u>	<u>(1,516,257)</u>
EXPENDITURES				
Instruction	2,351,934	2,619,433	2,418,242	201,191
Supporting services	8,565,363	9,583,110	8,700,488	882,622
Community services	284,775	358,558	321,595	36,963
Capital outlay	54,000	54,000	26,778	27,222
Outgoing transfers and other	1,608,656	1,618,806	1,273,491	345,315
Total expenditures	<u>12,864,728</u>	<u>14,233,907</u>	<u>12,740,594</u>	<u>1,493,313</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>(1,791,320)</u>	<u>(1,977,209)</u>	<u>(2,000,153)</u>	<u>(22,944)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,965,846	1,986,650	1,971,025	(15,625)
Transfers out	(133,283)	(133,315)	(120,362)	12,953
Total other financing sources (uses)	<u>1,832,563</u>	<u>1,853,335</u>	<u>1,850,663</u>	<u>(2,672)</u>
NET CHANGE IN FUND BALANCE				
	<u>\$ 41,243</u>	<u>\$ (123,874)</u>	<u>(149,490)</u>	<u>\$ (25,616)</u>
FUND BALANCE				
Beginning of year, as restated			<u>2,333,606</u>	
End of year			<u>\$ 2,184,116</u>	

**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - SPECIAL EDUCATION FUND
YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Local sources	\$ 15,174,123	\$ 15,477,923	\$ 15,232,510	\$ (245,413)
Non-educational entity	42,304	44,023	44,023	-
State sources	9,866,954	10,031,842	10,009,961	(21,881)
Federal sources	4,918,917	4,438,077	4,121,195	(316,882)
Incoming transfers and other transactions	103,900	240,462	273,199	32,737
Total revenues	<u>30,106,198</u>	<u>30,232,327</u>	<u>29,680,888</u>	<u>(551,439)</u>
EXPENDITURES				
Instruction	9,372,311	9,011,256	8,597,054	414,202
Supporting services	18,693,135	17,810,520	16,928,378	882,142
Community services	50,353	47,286	25,762	21,524
Capital outlay	479,500	1,821,600	1,475,955	345,645
Outgoing transfers and other	1,017,000	1,031,570	1,031,570	-
Total expenditures	<u>29,612,299</u>	<u>29,722,232</u>	<u>28,058,719</u>	<u>1,663,513</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>493,899</u>	<u>510,095</u>	<u>1,622,169</u>	<u>1,112,074</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	9,200	10,500	10,440	(60)
Transfers in	83,283	137,384	132,189	(5,195)
Transfers out	(1,067,346)	(1,108,150)	(1,088,826)	19,324
Total other financing sources (uses)	<u>(974,863)</u>	<u>(960,266)</u>	<u>(946,197)</u>	<u>14,069</u>
NET CHANGE IN FUND BALANCE				
	<u>\$ (480,964)</u>	<u>\$ (450,171)</u>	675,972	<u>\$ 1,126,143</u>
FUND BALANCE				
Beginning of year, as restated			<u>5,460,037</u>	
End of year			<u>\$ 6,136,009</u>	

**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - VOCATIONAL EDUCATION FUND
YEAR ENDED JUNE 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local sources	\$ 10,415,874	\$ 10,632,131	\$ 10,578,221	\$ (53,910)
Non-educational entity	31,732	33,021	33,020	(1)
State sources	2,941,531	2,994,774	3,014,427	19,653
Federal sources	127,692	146,527	146,527	-
Incoming transfers and other transactions	406,610	304,000	322,567	18,567
Total revenues	<u>13,923,439</u>	<u>14,110,453</u>	<u>14,094,762</u>	<u>(15,691)</u>
EXPENDITURES				
Instruction	6,690,804	6,264,745	5,754,204	510,541
Supporting services	3,862,473	3,558,620	3,298,779	259,841
Community services	21,478	42,390	34,807	7,583
Capital outlay	419,500	540,755	342,958	197,797
Outgoing transfers and other	1,608,841	1,599,680	1,599,679	1
Total expenditures	<u>12,603,096</u>	<u>12,006,190</u>	<u>11,030,427</u>	<u>975,763</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>1,320,343</u>	<u>2,104,263</u>	<u>3,064,335</u>	<u>960,072</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	4,000	4,000	-	(4,000)
Transfers in	50,000	68,931	61,112	-
Transfers out	<u>(3,595,000)</u>	<u>(2,948,000)</u>	<u>(2,866,763)</u>	<u>81,237</u>
Total other financing sources (uses)	<u>(3,541,000)</u>	<u>(2,875,069)</u>	<u>(2,805,651)</u>	<u>77,237</u>
NET CHANGE IN FUND BALANCE				
	<u>\$ (2,220,657)</u>	<u>\$ (770,806)</u>	258,684	<u>\$ 1,029,490</u>
FUND BALANCE				
Beginning of year, as restated			<u>9,221,202</u>	
End of year			<u>\$ 9,479,886</u>	

**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST 10 FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Reporting Unit's proportion of net pension liability (%)	0.25669%	0.25972%	0.26194%	0.26243%	0.25462%	0.24179%
Reporting Unit's proportionate share of net pension liability	\$ 85,008,396	\$ 78,077,026	\$ 67,878,766	\$ 65,473,768	\$ 62,191,423	\$ 53,257,935
Reporting Unit's covered-employee payroll	\$ 22,542,298	\$ 22,097,631	\$ 21,804,737	\$ 22,506,606	\$ 21,295,391	\$ 20,575,486
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	377.11%	353.33%	311.30%	290.91%	292.04%	258.84%
Plan fiduciary net position as a percentage of total pension liability (Non-university employers)	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

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

**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PENSION CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST 10 FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contributions	\$ 6,975,881	\$ 6,828,768	\$ 6,834,246	\$ 6,104,553	\$ 5,637,358	\$ 4,763,763
Contributions in relation to statutorily required contributions	<u>6,975,881</u>	<u>6,828,768</u>	<u>6,834,246</u>	<u>6,104,553</u>	<u>5,637,358</u>	<u>4,763,763</u>
Contribution deficiency (excess)	<u>\$ -</u>					
Reporting Unit's covered-employee payroll	\$ 23,262,230	\$ 22,613,129	\$ 21,757,758	\$ 21,732,817	\$ 21,667,709	\$ 21,304,804
Contributions as a percentage of covered-employee payroll	29.99%	30.20%	31.41%	28.09%	26.02%	22.36%

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

**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST 10 FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Reporting Unit's proportion of net OPEB liability (%)	0.25683%	0.25961%	0.26231%
Reporting Unit's proportionate share of net OPEB liability	\$ 18,434,538	\$ 20,636,316	\$ 23,229,044
Reporting Unit's covered-employee payroll	\$ 22,542,298	\$ 22,097,631	\$ 21,804,737
Reporting Unit's proportionate share of net OPEB liability as a percentage of its covered-employee payroll (%)	81.78%	93.39%	106.53%
Plan fiduciary net position as a percentage of total OPEB liability (Non-university employers)	48.46%	42.95%	36.39%

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

**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S OPEB CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST 10 FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contributions	\$ 1,956,984	\$ 1,893,296	\$ 1,930,858
Contributions in relation to statutorily required contributions	<u>1,956,984</u>	<u>1,893,296</u>	<u>1,930,858</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll	\$ 23,262,230	\$ 22,613,129	\$ 21,757,758
Contributions as a percentage of covered-employee payroll	8.41%	8.37%	8.87%

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

**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE1 - PENSION INFORMATION

Benefit changes - there were no changes of benefit terms in 2019.

Changes of assumptions - the assumption changes for 2019 were:

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

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

NOTE 2 - OPEB INFORMATION

Benefit changes - there were no changes of benefit terms in 2019.

Changes of assumptions - the assumption changes for 2019 were:

Discount rate for decreased to 6.95% from 7.15%.

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

ADDITIONAL SUPPLEMENTARY INFORMATION

**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2020**

	<u>Special Revenue</u>			<u>Total Nonmajor Funds</u>
	<u>Food service - Special Revenue</u>	<u>Student/ School Activities</u>	<u>Capital Projects</u>	
ASSETS				
ASSETS				
Cash and cash equivalents	\$ 87,497	\$ 33,681	\$ 201	\$ 121,379
Receivables				
Accounts receivable	-	-	16,969	16,969
Due from other funds	-	-	427,098	427,098
Intergovernmental	93	-	-	93
	<u>93</u>	<u>-</u>	<u>-</u>	<u>93</u>
TOTAL ASSETS	<u>\$ 87,590</u>	<u>\$ 33,681</u>	<u>\$ 444,268</u>	<u>\$ 565,539</u>
LIABILITES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 1,898	\$ 618	\$ 434,902	\$ 437,418
Due to other funds	32,243	-	-	32,243
	<u>34,141</u>	<u>618</u>	<u>434,902</u>	<u>469,661</u>
TOTAL LIABILITIES	<u>34,141</u>	<u>618</u>	<u>434,902</u>	<u>469,661</u>
FUND BALANCES				
Restricted for food service	53,449	-	-	53,449
Committed for student/school activities	-	33,063	-	33,063
Assigned for capital projects	-	-	9,366	9,366
	<u>53,449</u>	<u>33,063</u>	<u>9,366</u>	<u>95,878</u>
TOTAL FUND BALANCES	<u>53,449</u>	<u>33,063</u>	<u>9,366</u>	<u>95,878</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 87,590</u>	<u>\$ 33,681</u>	<u>\$ 444,268</u>	<u>\$ 565,539</u>

**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2020**

	Food service - Special Revenue	Student/ School Activities	Capital Projects	Total Nonmajor Funds
REVENUE				
Local sources	\$ 4,904	\$ 10,256	\$ -	\$ 15,160
State sources	457	-	-	457
Federal sources	169,849	-	-	169,849
Investment earnings	-	-	144	144
	<u>175,210</u>	<u>10,256</u>	<u>144</u>	<u>185,610</u>
Total revenues				
EXPENDITURES				
Support services	161,967	-	-	161,967
Community services	-	13,480	-	13,480
Capital outlay	-	-	1,927,099	1,927,099
	<u>161,967</u>	<u>13,480</u>	<u>1,927,099</u>	<u>2,102,546</u>
Total expenditures				
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>13,243</u>	<u>(3,224)</u>	<u>(1,926,955)</u>	<u>(1,916,936)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	1,918,825	1,918,825
Transfers out	<u>(7,200)</u>	<u>-</u>	<u>-</u>	<u>(7,200)</u>
Total other financing sources (uses)	<u>(7,200)</u>	<u>-</u>	<u>1,918,825</u>	<u>1,911,625</u>
NET CHANGE IN FUND BALANCE				
	6,043	(3,224)	(8,130)	(5,311)
FUND BALANCES				
Beginning of year, as restated	<u>47,406</u>	<u>36,287</u>	<u>17,496</u>	<u>101,189</u>
End of year	<u>\$ 53,449</u>	<u>\$ 33,063</u>	<u>\$ 9,366</u>	<u>\$ 95,878</u>

**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

Federal grantor/program title	Federal CFDA number	Approved award/grant amount	Accrued (unearned) revenue 7/1/2019	(Memo only) prior year expenditures	Current year expenditures	(Cash basis) current year receipts	Adjustments	Accrued (unearned) revenue 6/30/2020	Current year cash transfer to subrecipient
U.S. Department of Agriculture:									
Passed through Michigan Department of Education:									
Child Nutrition Cluster:									
School Breakfast Program:									
National School Breakfast:									
191970	10.553	\$ 25,807	\$ 1,047	\$ 22,956	\$ 2,851	\$ 3,898	\$ -	\$ -	\$ -
201970	10.553	13,260	-	-	13,260	13,260	-	-	-
Total CFDA# 10.553		<u>39,067</u>	<u>1,047</u>	<u>22,956</u>	<u>16,111</u>	<u>17,158</u>	<u>-</u>	<u>-</u>	<u>-</u>
Food Distribution Program - National School Lunch Program:									
Donated foods									
10.555		<u>8,998</u>	<u>-</u>	<u>-</u>	<u>8,998</u>	<u>8,998</u>	<u>-</u>	<u>-</u>	<u>-</u>
National School Lunch Program:									
191960	10.555	37,236	1,584	33,182	4,054	5,638	-	-	-
201970	10.555	19,519	-	-	19,519	19,519	-	-	-
Covid 19 - 200902	10.555	65,876	-	-	65,876	65,876	-	-	-
Total National School Lunch		<u>122,631</u>	<u>1,584</u>	<u>33,182</u>	<u>89,449</u>	<u>91,033</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total CFDA #10.555		<u>131,629</u>	<u>1,584</u>	<u>33,182</u>	<u>98,447</u>	<u>100,031</u>	<u>-</u>	<u>-</u>	<u>-</u>
Summer Food Service Program for Children:									
190900	10.559	52,159	(25,636)	2,116	50,043	24,407	-	-	-
191900	10.559	5,467	(1,602)	221	5,246	3,644	-	-	-
Total CFDA# 10.559		<u>57,626</u>	<u>(27,238)</u>	<u>2,337</u>	<u>55,289</u>	<u>28,051</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Child Nutrition Cluster		<u>228,322</u>	<u>(24,607)</u>	<u>58,475</u>	<u>169,847</u>	<u>145,240</u>	<u>-</u>	<u>-</u>	<u>-</u>
Passed through Michigan Fitness Foundation:									
SNAP Cluster:									
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program:									
E20190792-00	10.561	790,000	143,888	473,683	167,394	311,282	-	-	-
E20200639-00	10.561	800,000	-	-	440,716	268,295	-	172,421	-
Total CFDA# 10.561		<u>1,590,000</u>	<u>143,888</u>	<u>473,683</u>	<u>608,110</u>	<u>579,577</u>	<u>-</u>	<u>172,421</u>	<u>-</u>
Total U.S. Department of Agriculture		<u>1,818,322</u>	<u>119,281</u>	<u>532,158</u>	<u>777,957</u>	<u>724,817</u>	<u>-</u>	<u>172,421</u>	<u>-</u>

The accompanying notes are an integral part of this schedule.

**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

Federal grantor/program title	Federal CFDA number	Approved award/grant amount	Accrued (unearned) revenue 7/1/2019	(Memo only) prior year expenditures	Current year expenditures	(Cash basis) current year receipts	Adjustments	Accrued (unearned) revenue 6/30/2020	Current year cash transfer to subrecipient
U.S. Department of Education:									
Passed through Michigan Department of Education:									
Special Education Cluster:									
Special Education Grants to States:									
190450 1819	84.027	\$ 3,614,964	\$ 249,507	\$ 1,687,311	\$ 1,927,653	\$ 1,988,182	\$ -	\$ 188,978	\$ -
20450 1920	84.027	3,698,734	-	-	1,801,910	1,495,744	-	289,257	31,570
200493 GSG	84.027	118,800	-	-	118,800	111,654	-	7,146	-
Total CFDA# 84.027		<u>7,432,498</u>	<u>249,507</u>	<u>1,687,311</u>	<u>3,848,363</u>	<u>3,595,580</u>	<u>-</u>	<u>485,381</u>	<u>31,570</u>
Special Education Preschool Grants:									
200460 1920	84.173	97,466	-	-	97,466	88,231	-	9,235	-
Total Special Education Cluster		<u>7,529,964</u>	<u>249,507</u>	<u>1,687,311</u>	<u>3,945,829</u>	<u>3,683,811</u>	<u>-</u>	<u>494,616</u>	<u>-</u>
Migrant Education State Grant Program:									
191830 1819	84.011	1,152,039	117,944	117,944	891,432	1,009,376	-	-	-
201830 1920	84.011	838,427	-	-	17,110	-	-	17,110	-
191850 1819	84.011	268,000	37,045	105,031	124,869	161,914	-	-	-
201850 1920	84.011	256,000	-	105,031	45,493	32,819	-	12,674	-
191890 1819	84.011	415,681	70,848	273,382	14,195	85,043	-	-	-
201890 1920	84.011	300,316	-	-	228,359	174,189	-	54,170	-
Total CFDA# 84.011		<u>3,230,463</u>	<u>225,837</u>	<u>601,388</u>	<u>1,321,458</u>	<u>1,463,341</u>	<u>-</u>	<u>83,954</u>	<u>-</u>
Special Education - Grants for Infants and Families:									
191340 1819	84.181	200,862	74	119,983	-	74	-	-	-
191340 1819	84.181	204,319	-	-	145,904	122,844	-	23,060	-
Total CFDA# 84.181		<u>405,181</u>	<u>74</u>	<u>119,983</u>	<u>145,904</u>	<u>122,918</u>	<u>-</u>	<u>23,060</u>	<u>-</u>

The accompanying notes are an integral part of this schedule.

**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

Federal grantor/program title	Federal CFDA number	Approved award/grant amount	Accrued (unearned) revenue 7/1/2019	(Memo only) prior year expenditures	Current year expenditures	(Cash basis) current year receipts	Adjustments	Accrued (unearned) revenue 6/30/2020	Current year cash transfer to subrecipient
U.S. Department of Education:									
Passed through Michigan Department of Education:									
Adult Education - Basic Grants to States:									
191130-191908	84.002	\$ 135,427	\$ 28,361	\$ 108,076	\$ -	\$ 28,361	\$ -	\$ -	\$ -
201130-201908	84.002	133,256	-	-	96,472	15,172	-	81,300	-
Total CFDA# 84.002		<u>268,683</u>	<u>28,361</u>	<u>108,076</u>	<u>96,472</u>	<u>43,533</u>	<u>-</u>	<u>81,300</u>	<u>-</u>
English Language Acquisition State Grants:									
190580 1819	84.365	96,464	17,225	49,273	1,317	18,542	-	-	-
200580 1920	84.365	99,342	-	-	8,478	5,909	-	2,569	566
Total CFDA# 84.365		<u>195,806</u>	<u>17,225</u>	<u>49,273</u>	<u>9,795</u>	<u>24,451</u>	<u>-</u>	<u>2,569</u>	<u>566</u>
Every Student Succeeds Act/Preschool Development Grants									
193910-1920	93.434	30,000	-	-	29,984	29,984	-	-	-
Total passed through Michigan Department of Education		<u>11,660,097</u>	<u>521,004</u>	<u>2,566,031</u>	<u>5,549,442</u>	<u>5,368,038</u>	<u>-</u>	<u>685,499</u>	<u>566</u>
Passed Through Berrien RESA:									
Career and Technical Education - Basic Grants to States:									
203520-201219	84.048	146,527	-	-	146,527	146,527	-	-	-
Total U.S. Department of Education		<u>11,806,624</u>	<u>521,004</u>	<u>2,566,031</u>	<u>5,695,969</u>	<u>5,514,565</u>	<u>-</u>	<u>685,499</u>	<u>566</u>
U.S. Department of Health and Human Services:									
Passed through Michigan Department of Human Services:									
Community-Based Child Abuse Prevention Grants:									
E20192111-00	93.590	50,000	(20,042)	17,457	5,982	-	14,060	-	-
Passed through Michigan Department of Community Health:									
Medicaid Cluster:									
Medical Assistance Program	93.778	26,917	21,278	21,278	46,372	55,261	-	12,389	9,767
Total U.S. Department of Health and Human Services		<u>76,917</u>	<u>1,236</u>	<u>38,735</u>	<u>52,354</u>	<u>55,261</u>	<u>14,060</u>	<u>12,389</u>	<u>9,767</u>
Total Federal Financial Assistance		<u>\$ 13,701,863</u>	<u>\$ 641,521</u>	<u>\$ 3,136,924</u>	<u>\$ 6,526,280</u>	<u>\$ 6,294,643</u>	<u>\$ 14,060</u>	<u>\$ 870,309</u>	<u>\$ 41,903</u>

The accompanying notes are an integral part of this schedule.

**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
PASS-THROUGH
FOR THE YEAR ENDED JUNE 30, 2020**

Federal grantor passed through grantor program title	Federal CFDA number	Subrecipient award/grant amount	Due to (from) subrecipient 7/1/2019	Subrecipient current year expenditures	Current year cash transferred to subrecipient	Accrued due to (from) subrecipients 6/30/20
<u>U.S. Department of Education</u>						
Passed through Michigan Department of Education:						
Special Education Cluster:						
Special Education Grants to States:						
Passed Through to:						
Michigan Online School	84.027	\$ 31,570	\$ -	\$ 31,570	\$ 31,570	\$ -
English Language Acquisition State Grants						
Passed Through to:						
Cassopolis Public Schools	84.365	1,287	-	566	566	-
<u>U.S. Department of Health and Human Services:</u>						
Passed through Michigan Department of						
Human Services:						
Medicaid Cluster:						
Medical Assistance Program:	93.778					
Passed Through to:						
Bangor Public Schools		345	142	345	437	50
Bloomington Public Schools		718	220	718	774	164
Covert Public Schools		628	398	628	994	32
Decatur Public Schools		334	145	334	433	46
Gobles Public Schools		453	95	453	432	116
Hartford Public Schools		519	191	519	646	64
Lawrence Public Schools		186	86	186	250	22
Lawton Community Schools		376	149	376	474	51
Mattawan Consolidated Schools		2,756	792	2,756	2,780	768
Paw Paw Public Schools		1,023	318	1,023	1,165	176
South Haven Public Schools		1,190	421	1,190	1,382	229
Total Medical Assistance Program Passed to Subrecipients		8,528	2,957	8,528	9,767	1,718
Total Federal Funds Passed Through to Subrecipients		\$ 41,385	\$ 2,957	\$ 40,664	\$ 41,903	\$ 1,718

The accompanying notes are an integral part of this schedule.

**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2020**

1. Basis of Presentation - The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Van Buren Intermediate School District under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Van Buren Intermediate School District, it is not intended to and does not present the financial position or changes in net position of Van Buren Intermediate School District.
2. Summary of Significant Accounting Policies - Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. Van Buren Intermediate School District has elected to not use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.
3. Management has utilized the Cash Management System (CMS) and the Grant Auditor Report in preparing the Schedule of Expenditures of Federal Awards.

4. Federal expenditures are reported as revenue in the financial statements:

Total all funds	\$ 7,133,593
Amount received from the Western Michigan University for which Van Buren Intermediate School District is considered a vendor	(648,702)
Prior year federal revenue not reported in the fund level financial statements due to not being received within 60 days of year end	(52,631)
Federal revenue not reported in the fund level financial statements due to not being received within 60 days of year end	94,020
Federal expenditures reported in the Schedule of Expenditures of Federal Awards	<u><u>\$ 6,526,280</u></u>

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Education
Van Buren Intermediate School District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Van Buren Intermediate School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Van Buren Intermediate School District's basic financial statements and have issued our report thereon dated October 30, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Maney Costeiran PC

October 30, 2020

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Education
Van Buren Intermediate School District

Report on Compliance for Each Major Federal Program

We have audited Van Buren Intermediate School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Van Buren Intermediate School District's major federal programs for the year ended June 30, 2020. Van Buren Intermediate School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our unmodified opinion on compliance for major federal programs. However, our audit does not provide a legal determination of Van Buren Intermediate School District's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Maney Costeiran PC

October 30, 2020

**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued based on financial statements prepared in accordance with generally accepted accounting principles:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings that are required to be reported in accordance with Title 2 CFR Section 200.516(a)?

_____ Yes X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027 and 84.173	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 X Yes _____ No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

**VAN BUREN INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020**

There were no audit findings in either of the prior two years.

October 30, 2020

To the Board of Education
Van Buren Intermediate School District

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Van Buren Intermediate School District for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Van Buren Intermediate School District are described in Note 1 to the financial statements. During fiscal year 2020, the District implemented Governmental Accounting Standard No. 84, *Fiduciary Activities*. The application of existing policies was not changed during fiscal year 2020. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Estimates have been used to calculate the net pension liability and the net other postemployment benefit liability:

We evaluated the key factors and assumptions used to develop the balance of the net pension liability and net other postemployment benefit liability in determining that they are reasonable in relation to the financial statements taken as a whole.

Management’s estimate in calculating the liability for employee compensated absences:

We evaluated the key factors and assumptions used to develop the balance of employee compensated absences in determining that it is reasonable in relation to the financial statements taken as a whole.

Management’s determination of the estimated life span of the capital assets:

We evaluated the key factors and assumptions used by management to develop the estimated life span of the capital assets in determining that it is reasonable in relation to the financial statements taken as a whole. In addition, certain amounts included in capital assets have been estimated based on an outside appraisal company.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We did not identify any sensitive disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 30, 2020.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) which are required and supplement the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the other supplementary information, which accompany the financial statements but are not RSI. With respect to this other supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the other supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

A separate management letter was not issued.

Restriction on Use

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

Very truly yours,

Maney Costeiran PC