



Brandon School District

Quality

Service

Planning

Delivering the highest quality education so every student can soar!

Brandon Board of Education
Regular Meeting
Central Office Board Room and Zoom Platform
1025 S. Ortonville Road
Ortonville, Michigan 48462
October 19, 2020
6:30 PM

This meeting is a meeting of the Board of Education in public for the purpose of conducting the school district's business and is not to be considered a public community meeting. There is a time for public participation during the meeting.

AGENDA

- I. Call to Order
- II. Roll Call
- III. Pledge of Allegiance
- IV. Public Comments and Questions on Agenda Business
- V. Approval of Consent Agenda
The Brandon Board of Education deems all items listed on the consent agenda non-controversial and routine in nature. The body will approve these items under one motion and there will be no discussion. A member of the Brandon Board of Education wishing to discuss an item on the consent agenda may request it be removed from the consent agenda, and placed on the regular agenda. The body will consider and discuss the item at that time.
 - A. Minutes of the September 21, 2020, Regular Meeting 4
 - B. Minutes of the October 2, 2020, Special Meeting 6
 - C. Minutes of the October 5, 2020, Special Meeting 8
 - D. General Fund Accounts Payable in the amount of \$ 1,918,370.00 10
- VI. Information and Discussion Items
 - A. Board of Education Report ~ Diane Salter
 - B. Finance Report ~ Janice Meek 11
 - 1. Audit Report ~ Plante Moran
 - C. Education Report ~ Carly Stone
- VII. Action Items
 - A. Approval of Interim Superintendent Contract ~ Dr. Karl Heidrich
 - B. Approval of Employment ~ David Bremer and Catherine Dietiker
 - C. Approval of Brandon Administrators Association (BAA) Stop-Gap Contract
 - D. Approval of Brandon Education Association (BEA) Stop-Gap Contract
 - E. Approval of CARES Act Interlocal Agreement 15
 - F. Approval of the 2019-2020 School District Audit 21
 - G. Approval to Issue an RFP for Superintendent Search Firm Consultant 110
 - H. Approval of Special Education Paraprofessional Rates
 - I. Approval of Extended COVID-19 Continuity of Learning Plan 116
- VIII. Citizens' Input
- IX. Adjournment

Brandon 2025 Targets

- 1) By 2025, the Brandon School District will perform in the top 25% in the State in all tested areas.
 - 2) Through participation in Brandon's many learning opportunities beyond the traditional school day, Brandon students will develop as well-rounded human beings:
 - By the year 2025, all Brandon graduates will participate in at least one learning opportunity beyond the traditional school day each year. These opportunities may include: interscholastic athletics, performing arts, service organizations, school clubs, continuing education programs, enrichment activities, involvement in community-based athletics, job related training or other organized learning opportunities beyond the traditional school day.
 - 3) The Brandon School District will effectively prepare all students for success at the next level:
 - By 2025, 85% of Brandon graduates will gain acceptance to 4 year universities, community college, certification-based trade school programs, career-technical internship programs or enlist in the armed forces.
 - Within 6 years of graduation, 60% of Brandon graduates will have successfully completed a university degree, earned an associate's degree, a trade certification, completed a career-technical internship program or remain a member of the armed forces.
-

Public Participation at Board Meetings

We recognize the value of public comments and the importance of expressing yourselves to us on district matters.

Here are the guidelines:

- You must sign in
- Please recognize yourself by stating your name, address and group affiliation if any
- Each statement shall be limited to THREE (3) minutes
- The statements shall be directed at the board only
- Generally the board will not respond to public comments during the meeting
- To ensure due process and respect of individual rights, the district maintains a formal process for handling complaints against individuals. A problem involving an individual or specific incident is best handled through administrative channels. Such matter should be reduced to writing and sent to Dr. Outlaw or the board president.
- Speakers are asked to express themselves in a civil manner, with due respect for the dignity and privacy of others who may be affected by your comments.
- While it is not our intent to stifle public comment, speakers should be aware that if your statements violate the rights of others under the law of defamation or invasion of privacy, you may be held legally responsible. If you are unsure of the legal ramifications of what you are about to say, we urge you to consult first with your legal advisor.

The board wants to hear what people want to say. We expect each speaker will model for our students and others in the audience on how one can respectfully disagree with others' views or voice an opinion or ask questions.



Brandon School District

Brandon Board of Education
Regular Meeting
Central Office Board Room and Zoom Platform
1025 S. Ortonville Road
Ortonville, Michigan 48462

September 21, 2020
6:30 PM

UNOFFICIAL MINUTES

- I. Call to Order – 6:30 p.m. by Diane Salter
- II. Roll Call
Present: John Chartier, Marianne Dwyer, Lisa Kavalhuna, Kim Smith-Kulaga, Diane Salter
Absent with notice: Melissa Clark, Kevin McClellan
Others present: Dr. Matthew Outlaw, Superintendent of Schools; Carly Stone, Executive Director of Curriculum / Instruction; Janice Meek, Executive Director of Business Services; Diane Zedan, Director of Special Education / Preschool; David Wyatt, Director of Brandon Learn from Home; Maria Schubring, Recording Secretary
- III. Pledge of Allegiance
Led by the Board.
- IV. Ceremonial Oath of Office
Diane Salter administered the Oath of Office to Kimberly Smith-Kulaga.
- V. Public Comments and Questions on Agenda Business
No one from the public wished to address the Board.
- VI. Approval of Consent Agenda
The Brandon Board of Education deems all items listed on the consent agenda non-controversial and routine in nature. The body will approve these items under one motion and there will be no discussion. A member of the Brandon Board of Education wishing to discuss an item on the consent agenda may request it be removed from the consent agenda, and placed on the regular agenda. The body will consider and discuss the item at that time.
Lisa Kavalhuna moved and John Chartier supported that the Brandon Board of Education approve the consent agenda as presented. Carried unanimously 5-0. Roll call vote: John Chartier – yes; Marianne Dwyer – yes; Lisa Kavalhuna – yes; K. Smith-Kulaga; D. Salter – yes.
 - A. Minutes of the August 17, 2020, Special Meeting
 - B. Minutes of the August 17, 2020, Regular Meeting
 - C. Minutes the September 9, 2020, Special Meeting
 - D. General Fund Accounts Payable in the amount of \$1,496,460.87
 - E. Energy Bond Accounts Payable in the amount of \$8,920.80
- VII. Information and Discussion Items
 - A. Board Report
At this time, Diane Salter and board members welcomed Kim Smith-Kulaga to the Brandon Board of Education.
 - B. Finance Report
Janice Meek reported on revenue and expenditures for COVID building preparations. She reviewed revenue information from federal sources Cares Esser Grant and Coronavirus Relief Funding (CRF). She reviewed expenditures for the following: PPE, sanitizer, disinfectants & equipment, HVAC / air

purification, signage, plexiglass, trash bins, technology and staffing. She shared that we are still waiting to hear about FEMA dollars.

C. Education Report

Carly Stone provided a teaching and learning update. She shared that we have had a few busy weeks welcoming our students back in-person and virtually. She shared that when teachers returned in early September they had two jam-packed days of professional learning. She reviewed the Brandon Learn from Home enrollment numbers. In addition, she shared that teachers welcomed back our students virtually and in person working on new routines and procedures. Lastly, she reviewed the upcoming testing schedules for students.

D. Suicide Prevention / Wellness Check

Diane Zedan reviewed a presentation regarding Brandon School District Mental Health Plan 2020-2021. She provided detailed information regarding suicide prevention educational plans. She shared suicide prevention training information available for elementary students (grades 4th & 5th), secondary students (grades 6th - 12th), parents, teachers, support staff, and community members. She provided the Brandon Wellness Resources link that is available on the district website. In addition, she shared Oakland County Health Department suicide prevention links for parents and schools. Lastly, she reviewed plans for the future regarding additional presentations for parents and community members.

VIII. Action Items

A. Approval of Extended COVID-19 Continuity of Learning Plan

Lisa Kavalhuna moved and John Chartier supported that the Brandon Board of Education approve the Brandon School District Extended Continuity of Learning Plan as required by Public Act 149. Carried unanimously 5-0. Roll call vote: J. Chartier – yes; M. Dwyer – yes; L. Kavalhuna – yes; K. Smith Kugala – yes; D. Salter – yes.

B. Approval of Human Resource Report

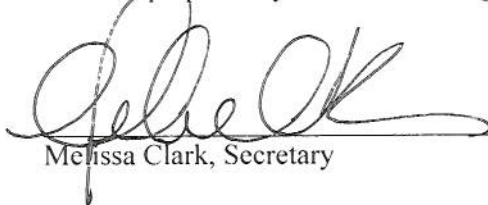
Lisa Kavalhuna moved and John Chartier supported that the Brandon Board of Education approve the Human Resource Report as presented. Carried unanimously 5-0. Roll call vote: J. Chartier – yes; M. Dwyer – yes; L. Kavalhuna – yes; K. Smith-Kugala – yes; D. Salter – yes.

IX. Citizens' Input

Mrs. Mannino made a comment about SAT testing.

X. Adjournment – 7:37 p.m. by Diane Salter

Minutes prepared by Maria Schubring, Recording Secretary



Melissa Clark, Secretary

10-1-2020

Date



Brandon School District

Brandon Board of Education
Special Meeting
Central Office Board Room and Zoom Platform
1025 S. Ortonville Road
Ortonville, Michigan 48462

October 2, 2020
12:00 PM

UNOFFICIAL MINUTES

I. Call to Order

Present: John Chartier, Melissa Clark, Marianne Dwyer, Lisa Kavalhuna, Kevin McClellan, Diane Salter, Kim Smith-Kulaga

Others present: Janice Meek, Executive Director of Business Services; Carly Stone, Executive Director of Curriculum / Instruction; Diane Zedan, Director of Preschool and Special Education; Maria Schubring, Recording Secretary

II. Roll Call – 12:00 p.m. by Diane Salter

III. Pledge of Allegiance

Led by the Board.

IV. Public Comments and Questions

No one from the public wished to address the Board.

V. Interim Superintendent Search

Diane Salter shared that three candidates met the criteria for the interim superintendent position. Dr. Jay Marino, Dr. Florence M. Reynolds, and Dr. Karl Heidrich. Board members reviewed resumes and engaged in conversation regarding the candidates. Board members agreed to interview all three candidates and leave the option open to the candidate to meet in-person or via Zoom. Diane Salter reached out to each candidate. She shared that candidates need to submit three letters of recommendation by October 3rd, 5:00 p.m. to move forward to the interview. She shared that the interviews will take place at a special meeting Monday, October 5th, at 6:30 p.m. Once a candidate is selected as interim he or she will need to come visit the district.

Kevin McClellan moved and John Chartier supported that the Brandon Board of Education approve to interview all three candidates preferably in person or via Zoom depending on their location. Carried 7-0. Roll call vote: J. Chartier – yes; M. Clark – yes; M. Dwyer – yes; L. Kavalhuna – yes; K. Smith-Kulaga – yes; K. McClellan – yes; D. Salter – yes.

VI. Search Timeline for a Permanent Superintendent

Diane Salter and board members engaged in discussion about establishing a superintendent search timeline. Board members agreed to move forward with a Request for Proposal (RFP) to contract a search firm to conduct the search for a permanent superintendent.

Kevin McClellan moved and John Chartier supported that the Brandon Board of Education authorize Janice Meek to begin the RFP process for the search firm. Carried unanimously 7-0. Roll call vote: J. Chartier – yes; M. Clark – yes; M. Dwyer – yes; L. Kavalhuna – yes; K. Smith-Kulaga; K. McClellan – yes; D. Salter – yes.

VII. Adjournment – 12:57 p.m. by Diane Salter



Melissa Clark, Secretary

10-15-2020

Date



Brandon School District

Brandon Board of Education
Special Meeting
Central Office Board Room and Zoom Platform
1025 S. Ortonville Road
Ortonville, Michigan 48462

October 5, 2020
6:30 PM

UNOFFICIAL MINUTES

I. Call to Order – 6:30 p.m. by Diane Salter

II. Roll Call

Present: John Chartier, Melissa Clark, Marianne Dwyer, Lisa Kavalhuna, Kevin McClellan, Diane Salter, Kim Smith-Kulaga

Others present: Janice Meek, Executive Director of Business Services; Carly Stone, Executive Director of Curriculum / Instruction; Diane Zedan, Director of Preschool / Special Education; Maria Schubring, Recording Secretary

III. Pledge of Allegiance

Led by the Board.

At this time, President Salter reviewed background information for each candidate for the interim superintendent interviews tonight: Dr. Karl Heidrich, Dr. Jay Marino, and Dr. Florence Reynolds.

IV. Public Comments and Questions

No one from the public wished to address the Board.

V. Interim Superintendent Interviews

At this time board members asked questions to each candidate. Each candidate was interviewed for 45 minutes.

6:30 p.m. ~ Dr. Karl Heidrich

7:15 p.m. ~ Dr. Jay Marino

8:00 p.m. ~ Dr. Florence Reynolds

After the interviews, Diane Salter went around the table and asked board members if there is a candidate that they would like to pose a contingency offer to for our position of interim superintendent – J. Chartier – Dr. Marino; M. Clark – Dr. Heidrich; K. Smith-Kulaga – Dr. Heidrich; K. McClellan – Dr. Marino; Marianne Dwyer – Dr. Heidrich; Lisa Kavalhuna – Dr. Marino; Diane Salter – Dr. Heidrich.

Melissa Clark moved and John Chartier supported that the Brandon Board of Education would like to make a contingency offer to Dr. Karl Heidrich to be our interim superintendent. This would be pending contract review, a site visit of the district and board approval of contract. It is important for Dr. Heidrich

to come spend time here in the district to see some of our staff, buildings and community. Carried unanimously 7-0. Roll call vote: K. Smith-Kulaga – yes; J. Chartier – yes; M. Clark – yes; M. Dwyer – yes; L. Kavalhuna – yes; K. McClellan – yes; D. Salter – yes.

VI. Closed Session ~ Contract Negotiations

Melissa Clark moved and Lisa Kavalhuna supported that the Brandon Board of Education enter a closed session for the purpose of contract negotiations.

Close session started at 9:08 p.m.
Return to open session at 9:32 p.m.

VII. Adjournment – 9:32 p.m.



Melissa Clark, Secretary

10-14-2020

Date

**BRANDON SCHOOL DISTRICT
ALL FUNDS
COVER SHEET**

**JANUARY
2020**

All Funds Check Register	\$ 551,437.87
BMO Harris Bank Purchase Card Register	\$ 12,038.36
Pre-pays	\$ -
Employee Reimbursements (09.10.2020)	\$ 271.92
Employee Reimbursements (09.25.2020)	\$ 566.24
MESSA Insurance	\$ 187,931.20
Set Seg Insurance	\$ -
EDUSTAFF	\$ 49,766.62
Payroll Runs - net of reimbursements shown above	
Payroll Run 09.10.2020 (Run 602)	\$ 557,228.82
Payroll Run 09.25.2020 (Run 603)	\$ 559,128.97
Total for Approval:	\$ 1,918,370.00

Please contact Janice Meek at 248-627-1810 or by email at jmeek@brandon.k12.mi.us prior to the meeting if you have questions.

Brandon School District
Budget to Actual w MTD Actual by St. Fund-Type-St.RevX00-St.FuncX00
As of 9/30/2020

Code	Description	OB Budget	MTD Actual	Actual	Encumbrance	Balance	% of Utilization
St. Fund: 11							
Type: 4 Revenue							
St. Revenue X00:	100 Revenue from Local Sources						
111	Property Tax Levy	2,673,139.00	1,044,846.83	1,206,402.82	0.00	1,466,736.18	45.13%
119	Penalties on Delinquent Taxes	0.00	0.00	0.00	0.00	0.00	0.00%
141	Transportation Fees	0.00	0.00	0.00	0.00	0.00	0.00%
151	Earnings on Investment/Deposit	70,000.00	75.27	667.05	0.00	69,332.95	0.95%
171	Admissions	50,000.00	0.00	0.00	0.00	50,000.00	0.00%
173	Dues and Fees	52,000.00	27,150.00	28,750.00	0.00	23,250.00	55.28%
181	Rev from Comm Serv Activities	133,000.00	4,325.20	4,407.60	0.00	128,592.40	3.31%
193	Gain/Loss Sale of Fixed Assets	1,670.00	6,052.50	6,052.50	0.00	-4,382.50	362.42%
199	Misc Local Revenues	44,480.00	52.76	133.56	0.00	44,346.44	0.30%
	St. Revenue X00: 100 Revenue from Local Sources Total:	3,024,289.00	1,082,502.56	1,246,413.53	0.00	1,777,875.47	41.21%
St. Revenue X00:	300 Rev from State Sources						
311	Unrestricted from Grants	13,728,021.00	0.00	13,808.07	0.00	13,714,212.93	0.10%
312	Restricted from Grants	3,597,437.00	0.00	69,475.40	0.00	3,527,961.60	1.93%
317	Restricted from Public School	561,122.00	0.00	69,960.54	0.00	491,161.46	12.46%
	St. Revenue X00: 300 Rev from State Sources Total:	17,886,580.00	0.00	153,244.01	0.00	17,733,335.99	0.85%
St. Revenue X00:	400 Rev from Federal Sources						
414	Restricted from State	394,257.00	0.00	879,139.27	0.00	-484,882.27	222.98%
417	Restricted from Public School	600,766.00	0.00	0.00	0.00	600,766.00	0.00%
418	Unrestrict from Public School	4,555.00	0.00	0.00	0.00	4,555.00	0.00%
	St. Revenue X00: 400 Rev from Federal Sources Total:	999,578.00	0.00	879,139.27	0.00	120,438.73	87.95%
St. Revenue X00:	500 Incoming Transfer/Oth Transact						
513	ISD Collected Millage Tax	1,248,414.00	293,177.00	293,177.00	0.00	955,237.00	23.48%
519	Other Distribution frm oth PS	291,289.00	0.00	0.00	0.00	291,289.00	0.00%
552	Adj to Prior Period Exp	0.00	0.00	0.00	0.00	0.00	0.00%
594	Capital Lease Transactions	0.00	0.00	0.00	0.00	0.00	0.00%
	St. Revenue X00: 500 Incoming Transfer/Oth Transact Total:	1,539,703.00	293,177.00	293,177.00	0.00	1,246,526.00	19.04%
St. Revenue X00:	600 Fund Modifications						
625	School Lunch Fund Modification	80,000.00	0.00	0.00	0.00	80,000.00	0.00%
	St. Revenue X00: 600 Fund Modifications Total:	80,000.00	0.00	0.00	0.00	80,000.00	0.00%
Type: 4	Revenue Total:	23,530,150.00	1,375,679.56	2,571,973.81	0.00	20,958,176.19	10.93%

User: JMEEK - Jan Meek

Page

Current Date: 10/14/2020

Report: OSGL6037B - OSGL6037B: Budget to Actual w MTD Actu

1

Current Time: 13:33:18

Selection:

11

FY = '2021' AND GLBA_BUDACT_MSTR.[glba_gr] = 'GL' AND GLBA_BUDACT_MSTR.[glba_level] = 'OB' AND GLK_KEY_MSTR.[glk_sec_part02] = '11'

Vers. 1

Brandon School District
Budget to Actual w MTD Actual by St. Fund-Type-St.RevX00-St.FuncX00
As of 9/30/2020

Code	Description	OB Budget	MTD Actual	Actual	Encumbrance	Balance	% of Utilization
Type: 5 Expense							
St. Function X00:	100 Instruction						
111	Elementary	4,503,659.00	296,145.01	303,946.79	28,482.53	4,171,229.68	7.38%
112	Middle/JR High School	2,351,601.00	141,154.87	145,964.46	4,951.98	2,200,684.56	6.41%
113	High School	3,173,405.00	219,006.05	240,521.95	5,107.69	2,927,775.36	7.74%
118	Pre-School	424,271.00	17,354.96	19,107.71	3,270.00	401,893.29	5.27%
119	Summer School	18,004.00	16,536.15	16,536.15	0.00	1,467.85	91.84%
122	Special Education	1,972,786.00	112,340.94	112,738.14	2,133.96	1,857,913.90	5.82%
125	Compensatory Education	604,532.00	6,313.61	7,983.35	2,403.00	594,145.65	1.71%
127	Career & Technical	21,688.00	2,496.00	4,992.00	0.00	16,696.00	23.01%
221	Improve of Instruction	0.00	0.00	0.00	4,701.00	-4,701.00	0.00%
St. Function X00:	100 Instruction	Total:	13,069,946.00	811,347.59	851,790.55	51,050.16	6.90%
St. Function X00:	200 Supporting Services						
212	Guidance Services	377,116.00	35,130.38	40,865.02	0.00	336,250.98	10.83%
213	Health Services	116,124.00	6,154.10	6,554.10	43,445.90	66,124.00	43.05%
214	Psychological Services	152,749.00	11,268.72	12,233.06	0.00	140,515.94	8.00%
215	Speech Path & Audiology	226,838.00	14,875.08	14,896.10	0.00	211,941.90	6.56%
216	Social Work Services	301,960.00	16,880.73	16,871.55	0.00	285,088.45	5.58%
217	Visual Aid Services	0.00	0.00	0.00	0.00	0.00	0.00%
218	Teacher Consultant	92,328.00	333.71	1,498.30	0.00	90,829.70	1.62%
219	Othr Pupil Support Svc	45,873.00	484.42	573.93	0.00	45,299.07	1.25%
221	Improve of Instruction	351,943.00	29,813.09	127,474.89	0.00	224,468.11	36.22%
222	Ed Media Services	142,529.00	6,833.97	18,171.60	0.00	124,357.40	12.74%
225	Technology Assist Instructn	4,104.00	0.00	3,833.92	0.00	270.08	93.41%
226	Supv/Dir Instr Staff	267,683.00	19,065.10	40,781.28	0.00	226,901.72	15.23%
227	Academic Student Assessment	22,701.00	0.00	21,401.50	0.00	1,299.50	94.27%
229	Other Instructional Staff Svc	4,035.00	0.00	0.00	0.00	4,035.00	0.00%
231	Board of Education	88,150.00	34,617.18	40,667.18	0.00	47,482.82	46.13%
232	Exec Administration	382,071.00	33,226.33	87,696.66	79.93	294,294.41	22.97%
241	Principal Office	1,183,989.00	105,804.68	111,608.34	1,112.69	1,071,267.97	9.52%
249	Other School Administration	17,000.00	0.00	627.72	0.00	16,372.28	3.69%
252	Fiscal Services	475,050.00	38,286.60	99,521.93	0.00	375,528.07	20.94%
257	Internal Services	11,500.00	0.00	4,754.01	0.00	6,745.99	41.33%
259	Oth Business Svcs	67,000.00	2,849.33	3,299.62	0.00	63,700.38	4.92%

User: JMEEK - Jan Meek

Page

Current Date: 10/14/2020

Report: OSGL6037B - OSGL6037B: Budget to Actual w MTD Actu

2

Current Time: 13:33:18

Selection:

12

FY = '2021' AND GLBA_BUDACT_MSTR.[glba_gr] = 'GL' AND GLBA_BUDACT_MSTR.[glba_level] = 'OB' AND GLK_KEY_MSTR.[glk_sec_part02] = '11'

Vers. 1

Brandon School District
Budget to Actual w MTD Actual by St. Fund-Type-St.RevX00-St.FuncX00
As of 9/30/2020

Code	Description	OB Budget	MTD Actual	Actual	Encumbrance	Balance	% of Utilization	
261	Oper Bldg Svcs	2,504,819.00	427,602.07	890,511.36	110,467.06	1,503,840.58	39.96%	
266	Security Services	78,478.00	202.80	1,102.80	600.00	76,775.20	2.16%	
271	Pupil Transportation Svc	1,643,252.00	2,351.41	2,351.41	0.00	1,640,900.59	0.14%	
282	Communication Services	83,865.00	5,411.90	9,686.90	6,588.10	67,590.00	19.40%	
283	Staff/Personnel Svcs	148,049.00	11,287.38	32,909.33	0.00	115,139.67	22.22%	
284	Support Svcs Tech	375,073.00	52,459.87	93,746.81	4,975.40	276,350.79	26.32%	
285	Pupil Accounting	146,050.00	11,075.49	28,736.82	117.86	117,195.32	19.75%	
291	Pupil Activities	85,956.00	0.00	0.00	0.00	85,956.00	0.00%	
293	Athletic Activities	625,383.00	36,727.05	42,569.91	46,456.57	536,356.52	14.23%	
St. Function X00: 200	Supporting Services	Total:	10,021,668.00	902,741.39	1,754,946.05	213,843.51	8,052,878.44	19.64%
St. Function X00: 300	Community Services							
311	Community Services Direction	92,718.00	3,363.86	9,741.09	0.00	82,976.91	10.50%	
321	Community Recreation	9,921.00	68.11	133.10	0.00	9,787.90	1.34%	
331	Community Activities	0.00	0.00	0.00	0.00	0.00	0.00%	
St. Function X00: 300	Community Services	Total:	102,639.00	3,431.97	9,874.19	0.00	92,764.81	9.62%
St. Function X00: 400	Payments to Oth Gvnt Agencies							
411	Pymt to K12 Public W/In St	432,553.00	58,861.00	61,061.00	0.00	371,492.00	14.11%	
452	Site Improvement Services	0.00	0.00	0.00	0.00	0.00	0.00%	
491	Prior Period Adj Material	0.00	0.00	0.00	0.00	0.00	0.00%	
492	Prior Period Adj Non Matr	0.00	0.00	0.00	0.00	0.00	0.00%	
St. Function X00: 400	Payments to Oth Gvnt Agencies	Total:	432,553.00	58,861.00	61,061.00	0.00	371,492.00	14.11%
St. Function X00: 500	Other Financing Uses							
511	Debt Svc LT-Principal	2,291.00	763.62	274,405.98	0.00	-272,114.98	11,977.56%	
St. Function X00: 500	Other Financing Uses	Total:	2,291.00	763.62	274,405.98	0.00	-272,114.98	11,977.56%
St. Function X00: 600	Transfers Out							
611	Fund Mod-General Fund	0.00	0.00	0.00	0.00	0.00	0.00%	
623	Fund Mod-Child Care Fund	41,643.00	0.00	0.00	0.00	41,643.00	0.00%	
639	Fund Mod-LT Debt Fund	0.00	0.00	0.00	0.00	0.00	0.00%	
St. Function X00: 600	Transfers Out	Total:	41,643.00	0.00	0.00	0.00	41,643.00	0.00%
Type: 5	Expense	Total:	23,670,740.00	1,777,145.57	2,952,077.77	264,893.67	20,453,768.56	13.59%
St. Fund: 11	Total:	11	-140,590.00	-401,466.01	-380,103.96	-264,893.67	504,407.63	458.77%

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Current Date: 10/14/2020

Report: OSGL6037B - OSGL6037B: Budget to Actual w MTD Actu

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Vers. 1

Brandon School District
Budget to Actual w MTD Actual by St. Fund-Type-St.RevX00-St.FuncX00
 As of 9/30/2020

Code	Description	OB Budget	MTD Actual	Actual	Encumbrance	Balance	% of Utilization
	End of Report	Grand Total:	-140,590.00	0.00		-380,103.96	

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Current Date: 10/14/2020

Report: OSGL6037B - OSGL6037B: Budget to Actual w MTD Actu

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FY = '2021' AND GLBA_BUDACT_MSTR.[glba_gr] = 'GL' AND GLBA_BUDACT_MSTR.[glba_level] = 'OB' AND
 GLK_KEY_MSTR.[glk_sec_part02] = '11'

Vers. 1

**AGREEMENT FOR CARES ACT DISTRIBUTION BETWEEN
OAKLAND COUNTY AND
The Brandon School District**

This Agreement (the "Agreement") is made between Oakland County, a Municipal and Constitutional Corporation, 1200 North Telegraph Road, Pontiac, Michigan 48341 ("County"), and the The Brandon School District (1025 S. Ortonville Rd. Ortonville Michigan; County and School District may be referred to individually as a "Party" and jointly as "Parties").

PURPOSE OF AGREEMENT. County and School District enter into this Agreement pursuant to the Urban Cooperation Act of 1967, 1967 Public Act 7, MCL 124.501 *et seq.*, for the purpose of County distributing a portion of its CARES Act funds to School District. County has allocated a portion of its CARES Act funds to be distributed to school districts within Oakland County, which will be used to assist school districts in meeting certain areas of need caused by the COVID-19 pandemic.

In consideration of the mutual promises, obligations, representations, and assurances in this Agreement, the Parties agree to the following:

1. **DEFINITIONS.** The following words and expressions used throughout this Agreement, whether used in the singular or plural, shall be defined, read, and interpreted as follows:
 - 1.1. **Agreement** means the terms and conditions of this Agreement and any other mutually agreed to written and executed modification, amendment, Exhibit and attachment.
 - 1.2. **Claims** mean any alleged losses, claims, complaints, demands for relief or damages, lawsuits, causes of action, proceedings, judgments, deficiencies, liabilities, penalties, litigation, costs, and expenses, including, but not limited to, reimbursement for reasonable attorney fees, witness fees, court costs, investigation expenses, litigation expenses, amounts paid in settlement, and/or other amounts or liabilities of any kind which are incurred by or asserted against County or School District, or for which County or School District may become legally and/or contractually obligated to pay or defend against, whether direct, indirect or consequential, whether based upon any alleged violation of the federal or the state constitution, any federal or state statute, rule, regulation, or any alleged violation of federal or state common law, whether any such claims are brought in law or equity, tort, contract, or otherwise, and/or whether commenced or threatened.
 - 1.3. **County** means Oakland County, a Municipal and Constitutional Corporation, including, but not limited to, all of its departments, divisions, the County Board of Commissioners, elected and appointed officials, directors, board members, council members, commissioners, authorities, committees, employees, agents, volunteers, and/or any such persons' successors.
 - 1.4. **Day** means any calendar day beginning at 12:00 a.m. and ending at 11:59 p.m.
 - 1.5. **School District** means the The Brandon School District including, but not limited to, its school board, superintendent, employees, agents, subcontractors, attorneys, volunteers, and/or any such persons' successors.
 - 1.6. **School District Employee** means any employees, officers, directors, members, managers, trustees, volunteers, attorneys, representatives of School District, licensees, concessionaires, contractors, subcontractors, independent contractors, agents, and/or any such persons' successors or predecessors (whether such persons act or acted in their personal, representative or official capacities), and/or any persons acting by, through,

under, or in concert with any of the above who use or have access to the Oakland Together Schools COVID Support funds provided under this Agreement. "School District Employee" shall also include any person who was a School District Employee at any time during the term of this Agreement but, for any reason, is no longer employed, appointed, or elected in that capacity. "School District Employee" does not include an individual resident of School District who receives an authorized distribution of Oakland Together Schools COVID Support funds.

- 1.7. **CARES Act funds** means the money distributed to the County by the United States Department of Treasury pursuant to section 601(a) of the Social Security Act, as added by section 5001 of the Coronavirus Aid, Relief, and Economic Security Act.
- 1.8. **Oakland Together Schools COVID Support Fund or "Oakland Together Schools" fund(s)** means that portion of the CARES Act funds which the County has allocated to school districts within Oakland County.
- 1.9. **Expenditure Submission Form** means the form which School District must complete and submit to OCE prior to any disbursement of Oakland Together Schools funds to School District.
- 1.10. **OCE** means the Office of the Oakland County Executive, which includes the Chief Deputy and other Deputy County Executives.
- 1.11. **Oversight Committee** means the committee established by the Oakland County Board of Commissioners in the resolution allocating the Oakland Together Schools funds.

2. **COUNTY RESPONSIBILITIES.**

- 2.1. OCE will review School District's Expenditure Submission Form to determine whether School District is eligible to receive a distribution of Oakland Together Schools funds. This determination will be in the OCE's discretion pursuant to the "Coronavirus Relief Fund Guidance for State, Territorial, Local and Tribal Government" or other guidance issued by the Federal Government. OCE may request any supporting documentation it deems necessary to fully evaluate School District's eligibility.
- 2.2. If OCE determines that School District is eligible to receive a distribution, County will distribute the eligible amount to School District.
- 2.3. County will set a distribution cap for each School District, which cap will be based on the following factors: the number of students enrolled in School District, the number of teachers employed by School District, and the number of students in School District who are eligible for federal free and reduced lunch program. The distribution cap is not a guarantee or promise that School District will receive a certain amount of money under this Agreement.
- 2.4. County is not obligated or required to distribute any Oakland Together Schools funds to School District if OCE determines that School District is not eligible to receive the funds, or if the amount of Oakland Together Schools funds available are not sufficient to fulfill School District's Expenditure Submission Form.
- 2.5. After November 30, 2020 County will not accept any further Expenditure Submission Forms from School District, and County will retain the balance of any Oakland Together Schools funds for which School District was originally eligible, but which are not covered by an approved Expenditure Submission Form.
- 2.6. If County retains the balance of Oakland Together Schools funds under Section 2.5, County may redistribute any or all of that amount to other eligible School Districts or as otherwise deemed appropriate by OCE.

- 2.7. OCE will work in collaboration with the Board of Commissioners Oversight Committee in determining Public Body's eligibility for Oakland Together Schools funds, and the amount of said funds to be distributed to Public Body.

3. **SCHOOL DISTRICT RESPONSIBILITIES.**

- 3.1. School District may be eligible to receive a distribution of Oakland Together Schools funds. School District shall complete and submit an Expenditure Submission Form to OCE and receive OCE approval prior to the distribution of any Oakland Together Schools funds.
- 3.2. School District shall follow all guidance established by the United States Treasury Department, and the County, when expending Oakland Together Schools funds, including, but not limited to, Section 601(d) of the Social Security Act and the "Coronavirus Relief Fund Guidance for State, Territorial, Local and Tribal Governments."¹
- 3.3. School District shall only expend Oakland Together Schools funds to pay for expenses incurred due to the COVID-19 public health emergency, such as:
 - 3.3.1. Expenses to facilitate distance learning, including technological improvements, in connection with school closings to enable compliance with COVID-19 precautions;
 - 3.3.2. Expenses for the acquisition and distribution of medical and protective supplies;
 - 3.3.3. Expenses for disinfection of public areas and other facilities; and
 - 3.3.4. Expenses to ensure compliance with COVID-19 public health orders.
- 3.4. School District shall only expend Oakland Together Schools funds to pay for expenses which were not accounted for in School District's most recently approved budget as of March 27, 2020.
- 3.5. School District shall only expend Oakland Together Schools funds for expenses incurred during the period that begins on March 1, 2020 and ends on December 30, 2020.
- 3.6. School District shall not use Oakland Together Schools funds as revenue replacement.
- 3.7. School District shall submit records of all expenditures to OCE by prior to reimbursement with a detailed description of how the funds were expended and how the expenditure of funds complied with the CARES Act requirements.
- 3.8. If School District receives an amount of funding from the federal or state government to cover expenses for which School District received Oakland Together Schools funds, School District shall return that amount of Oakland Together Schools funds to County.
- 3.9. School District shall keep records of all expenditures of Oakland Together Schools funds sufficient to demonstrate that said expenditures were in accordance with the CARES Act requirements for a period of 10 (ten) years, at a minimum.
- 3.10. School District shall produce said records of expenditures upon request by County or OCE, or as required by any future audit of the CARES Act program.
- 3.11. In the event it is determined by OCE, or any other audit under the CARES Act program, that School District expended an amount of Oakland Together Schools funds in violation of the CARES Act requirements or this Agreement, School District shall be required to return that amount of money to County.

¹ This document is available at <https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Guidance-for-State-Territorial-Local-and-Tribal-Governments.pdf>

4. **DURATION OF INTERLOCAL AGREEMENT.**

- 4.1. This Agreement shall be effective when executed by both Parties with resolutions passed by the governing bodies of each Party if applicable. The approval and terms of this Agreement shall be entered in the official minutes of the governing bodies of each Party. An executed copy of this Agreement and any amendments shall be filed by the County Clerk with the Secretary of State.
- 4.2. This Agreement shall remain in effect until January 31, 2021, or until cancelled or terminated by any of the Parties pursuant to the terms of the Agreement. School District shall comply with the record keeping, reporting, audit response, and fund return requirements after the termination of this Agreement if necessary.

5. **ASSURANCES.**

- 5.1. **Responsibility for Claims.** Each Party shall be responsible for any Claims made against that Party by a third party, and for the acts of its employees arising under or related to this Agreement.
- 5.2. **Responsibility for Attorney Fees and Costs.** Except as provided for in Section 3.13, in any Claim that may arise from the performance of this Agreement, each Party shall seek its own legal representation and bear the costs associated with such representation, including judgments and attorney fees.
- 5.3. **No Indemnification.** Except as otherwise provided for in this Agreement, neither Party shall have any right under this Agreement or under any other legal principle to be indemnified or reimbursed by the other Party or any of its agents in connection with any Claim.
- 5.4. **Costs, Fines, and Fees for Noncompliance.** School District shall be solely responsible for all costs, fines and fees associated with any misuse of the Oakland Together Schools COVID Support funds and/or for noncompliance with this Agreement by School District Employees.
- 5.5. **Reservation of Rights.** This Agreement does not, and is not intended to, impair, divest, delegate or contravene any constitutional, statutory, and/or other legal right, privilege, power, obligation, duty, or immunity of the Parties. Nothing in this Agreement shall be construed as a waiver of governmental immunity for either Party.
- 5.6. **Authorization and Completion of Agreement.** The Parties have taken all actions and secured all approvals necessary to authorize and complete this Agreement. The persons signing this Agreement on behalf of each Party have legal authority to sign this Agreement and bind the Parties to the terms and conditions contained herein.
- 5.7. **Compliance with Laws.** Each Party shall comply with all federal, state, and local ordinances, regulations, administrative rules, and requirements applicable to its activities performed under this Agreement.

6. **TERMINATION OR CANCELLATION OF AGREEMENT.**

- 6.1. County may terminate or cancel this Agreement at any time if it determines that School District has expended Oakland Together Schools COVID Support funds in violation of CARES Act requirements or this Agreement. Either OCE or the Board of Commissioners is authorized to terminate this Agreement under this provision. If County terminates or cancels this Agreement, School District shall be liable to repay County the amount of money expended in violation of CARES Act requirements or this Agreement.

- 6.2. School District may terminate or cancel this Agreement at any time if it determines that it does not wish to receive any Oakland Together Schools COVID Support funds. If School District terminates or cancels this Agreement, it shall immediately return to County any and all Oakland Together Schools COVID Support funds it has already received.
- 6.3. If either Party terminates or cancels this agreement they shall provide written notice to the other Party in the manner described in Section 13.
7. **DELEGATION OR ASSIGNMENT**. Neither Party shall delegate or assign any obligations or rights under this Agreement without the prior written consent of the other Party.
8. **NO THIRD-PARTY BENEFICIARIES**. Except as provided for the benefit of the Parties, this Agreement does not and is not intended to create any obligation, duty, promise, contractual right or benefit, right to indemnification, right to subrogation, and/or any other right in favor of any other person or entity.
9. **NO IMPLIED WAIVER**. Absent a written waiver, no act, failure, or delay by a Party to pursue or enforce any rights or remedies under this Agreement shall constitute a waiver of those rights with regard to any existing or subsequent breach of this Agreement. No waiver of any term, condition, or provision of this Agreement, whether by conduct or otherwise, in one or more instances shall be deemed or construed as a continuing waiver of any term, condition, or provision of this Agreement. No waiver by either Party shall subsequently affect its right to require strict performance of this Agreement.
10. **SEVERABILITY**. If a court of competent jurisdiction finds a term or condition of this Agreement to be illegal or invalid, then the term or condition shall be deemed severed from this Agreement. All other terms, conditions, and provisions of this Agreement shall remain in full force.
11. **PRECEDENCE OF DOCUMENTS**. In the event of a conflict between the terms and conditions of any of the documents that comprise this Agreement, the terms in the Agreement shall prevail and take precedence over any allegedly conflicting terms and conditions.
12. **CAPTIONS**. The section and subsection numbers, captions, and any index to such sections and subsections contained in this Agreement are intended for the convenience of the reader and are not intended to have any substantive meaning. The numbers, captions, and indexes shall not be interpreted or be considered as part of this Agreement. Any use of the singular or plural, any reference to gender, and any use of the nominative, objective or possessive case in this Agreement shall be deemed the appropriate plurality, gender or possession as the context requires.
13. **NOTICES**. Notices given under this Agreement shall be in writing and shall be personally delivered, sent by express delivery service, certified mail, or first class U.S. mail postage prepaid, and addressed to the person listed below. Notice will be deemed given on the date when one of the following first occur: (i) the date of actual receipt; (ii) the next business day when notice is sent express delivery service or personal delivery; or (iii) three days after mailing first class or certified U.S. mail.
- 13.1. If Notice is sent to County, it shall be addressed and sent to: Oakland County Executive, 2100 Pontiac Lake Rd., Waterford, MI, 48328, and the Chairperson of the Oakland County Board of Commissioners, 1200 North Telegraph Road, Pontiac, MI, 48341.
- 13.2. If Notice is sent to School District, it shall be addressed to: 1025 S. Ortonville Rd. Ortonville, MI 48462
14. **GOVERNING LAW/CONSENT TO JURISDICTION AND VENUE**. This Agreement shall be governed, interpreted, and enforced by the laws of the State of Michigan. Except as otherwise

required by law or court rule, any action brought to enforce, interpret, or decide any Claim arising under or related to this Agreement shall be brought in the 6th Judicial Circuit Court of the State of Michigan, the 50th District Court of the State of Michigan, or the United States District Court for the Eastern District of Michigan, Southern Division, as dictated by the applicable jurisdiction of the court. Except as otherwise required by law or court rule, venue is proper in the courts set forth above.

15. **SURVIVAL OF TERMS.** The following terms and conditions shall survive and continue in full force beyond the termination or cancellation of this Contract (or any part thereof) until the terms and conditions are fully satisfied or expire by their nature: Definitions (Section 1); Assurances (Section 5); No Third-Party Beneficiaries (Section 8); No Implied Waiver (Section 9); Severability (Section 10); Precedence of Documents (Section 11); Governing Law/Consent to Jurisdiction and Venue (Section 14); Survival of Terms (Section 15); Entire Agreement (Section 16), and the record keeping, reporting, audit compliance, and fund return provisions of Section 3.

16. **ENTIRE AGREEMENT.**

16.1. This Agreement represents the entire agreement and understanding between the Parties regarding the Oakland Together Schools COVID Support funds. With regard to the Oakland Together Schools COVID Support funds, this Agreement supersedes all other oral or written agreements between the Parties.

16.2. The language of this Agreement shall be construed as a whole according to its fair meaning, and not construed strictly for or against any Party.

IN WITNESS WHEREOF, Jan Meek, Executive Director of Finance, hereby acknowledges that he/she has been authorized by a resolution of the The Brandon School District, a certified copy of which is attached, to execute this Agreement on behalf of School District and hereby accepts and binds School District to the terms and conditions of this Agreement.

EXECUTED: _____
Jan Meek, Executive Director of Finance

DATE: _____

WITNESSED: _____
Diane Salter, Board of Education President

DATE: _____

IN WITNESS WHEREOF, David Woodward, Chairperson, Oakland County Board of Commissioners, hereby acknowledges that he has been authorized by a resolution of the Oakland County Board of Commissioners to execute this Agreement on behalf of Oakland County, and hereby accepts and binds Oakland County to the terms and conditions of this Agreement.

EXECUTED: _____
David Woodward, Chairperson
Oakland County Board of Commissioners

DATE: _____

WITNESSED: _____
Oakland County Board of Commissioners
County of Oakland

DATE: _____

Brandon School District

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

Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-9
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	12
Reconciliation of the Balance Sheet to the Statement of Net Position	13
Statement of Revenue, Expenditures, and Changes in Fund Balances	14
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities	15
Fiduciary Funds:	
Statement of Fiduciary Net Position	16
Statement of Changes in Fiduciary Net Position	17
Notes to Financial Statements	18-37
Required Supplemental Information	38
Budgetary Comparison Schedule - General Fund	39
Budgetary Comparison Schedule - Food Service Fund	40
Schedule of the School District's Proportionate Share of the Net Pension Liability	41
Schedule of the School District's Pension Contributions	42
Schedule of the School District's Proportionate Share of the Net OPEB Liability	43
Schedule of the School District's OPEB Contributions	44
Notes to Required Supplemental Information	45
Other Supplemental Information	46
Nonmajor Governmental Funds:	
Combining Balance Sheet	47
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	48
Schedule of Bonded Indebtedness	49
Federal Awards Supplemental Information	Issued Under Separate Cover

Independent Auditor's Report

To the Board of Education
Brandon 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 Brandon School District (the "School District") as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise Brandon 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 Brandon School District as of June 30, 2020 and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

To the Board of Education
Brandon School District

Required Supplemental Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2020 on our consideration of Brandon School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Brandon School District's internal control over financial reporting and compliance.



October 2, 2020

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

Using This Annual Report

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand Brandon School District financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term and what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds - the General Fund, the Food Service Fund, the 2015 SBLF Refunding Bond Fund, the 2016 Refunding Bond Fund, and the 2017 Capital Projects Improvement Fund, with all other funds presented in one column as nonmajor funds. The remaining statement, the statement of fiduciary net position, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents. This report is composed of the following elements:

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

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

Required Supplemental Information

Budgetary Comparison Schedule - General Fund

Budgetary Comparison Schedule - Food Service Fund

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

Schedule of the School District's Pension Contributions

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

Schedule of the School District's OPEB Contributions

Other Supplemental Information

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

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

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

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

Reporting the School District's Fund Financial Statements

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

Governmental Funds

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

Fiduciary Funds

The School District has certain fiduciary responsibility for its custodial fund. All of the School District's fiduciary activities related to the Expendable Fletcher/Jones Endowment are reported in a separate statement of fiduciary net position and statement of changes in fiduciary net position. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in this fund are used for their intended purposes.

Brandon School District

Management's Discussion and Analysis (Continued)

The School District as a Whole

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

	Governmental Activities	
	2020	2019
	(in millions)	
Assets		
Current and other assets	\$ 9.2	\$ 12.8
Capital assets	77.0	76.3
Total assets	86.2	89.1
Deferred Outflows of Resources	14.1	14.6
Liabilities		
Current liabilities	3.4	4.0
Noncurrent liabilities	104.1	109.0
Net pension liability	42.8	41.5
Net OPEB liability	8.9	10.8
Total liabilities	159.2	165.3
Deferred Inflows of Resources	9.9	8.7
Net Position		
Net investment in capital assets	(26.5)	(29.7)
Unrestricted	(42.3)	(40.6)
Total net position	<u>\$ (68.8)</u>	<u>\$ (70.3)</u>

The above analysis focuses on net position. The change in net position of the School District's governmental activities is discussed below. The School District's net position was \$(68.8) million at June 30, 2020. Net investment in capital assets totaling \$(26.5) million compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use that net position for day-to-day operations. The remaining amount of net position, \$(42.3) million, was unrestricted.

The \$(42.3) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations and the impact from adoption of GASB Statement Nos. 68 and 75 (recording the School District's share of the net pension and OPEB liabilities from the state-managed retirement system). The unrestricted net position balance enables the School District to meet working capital and cash flow requirements and to provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

As required by the Governmental Accounting Standards Board (GASB), the School District adopted GASB Statement No. 84, *Fiduciary Activities*, as of July 1, 2019. This standard provides guidance on the identification and reporting of fiduciary activities and required the School District to evaluate activities to determine if they were fiduciary in nature. The standard also changed the reporting and presentation requirements of fiduciary activities. The effect of the adoption on the governmental activities was to increase July 1, 2019 beginning net position by approximately \$340,000, which represents the student activities that were previously reported as fiduciary but are now reported as governmental in accordance with GASB 84. The governmental statement of net position at June 30, 2020 and statement of activities for the year ended June 30, 2020 include all the balances and transactions for those activities that were previously reported as fiduciary. All school districts were required to adopt this new standard unless a one-year deferral was elected pursuant to GASB Statement No. 95.

Brandon School District

Management's Discussion and Analysis (Continued)

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

	Governmental Activities	
	2020	2019
	(in millions)	
Revenue		
Program revenue:		
Charges for services	\$ 0.6	\$ 0.9
Operating grants	7.2	7.2
General revenue:		
Taxes	10.7	10.3
State aid not restricted to specific purposes	15.1	16.1
Other	0.7	0.2
Total revenue	34.3	34.7
Expenses		
Instruction	14.5	14.2
Support services	10.0	9.6
Athletics	0.6	0.6
Food services	0.9	0.9
Community services	0.4	0.5
Interdistrict payments	0.3	0.3
Debt service	3.6	3.7
Depreciation expense (unallocated)	2.8	2.7
Total expenses	33.1	32.5
Change in Net Position	1.2	2.2
Net Position - Beginning of year (as restated)	(70.0)	(72.5)
Net Position - End of year	<u>\$ (68.8)</u>	<u>\$ (70.3)</u>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$33.1 million. Certain activities were partially funded from those who benefited from the programs (\$0.6 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$7.2 million). We paid for the remaining public benefit portion of our governmental activities with \$10.7 million in taxes, \$15.1 million in state foundation allowance, and other revenue (i.e., interest and general entitlements).

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

The School District's Funds

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

As the School District completed this year, the governmental funds reported a combined fund balance of \$5.9 million, which is a decrease of \$3.2 million from last year. The primary reasons for the decrease are as follows:

The spending down of both the 2019 Energy Bond and the 2019 Installment Purchase Agreement (IPA). These funds were used to finance major capital improvements to the School District's buildings.

In the General Fund, our principal operating fund, there was no change in fund balance. The School District chose to transfer the General Fund operating surplus to an established debt service fund to use for future energy bond and IPA debt service payments. Therefore, the fund balance is unchanged from the prior year.

Fund balance in our special revenue funds decreased slightly from last year as a result of a reduction in tuition collected for both the tuition-based preschool and latchkey programs. Both programs were shut down in March due to the COVID-19 pandemic, but the School District continued to pay the program staff for the remainder of the school year.

With the adoption of GASB 84, the School District created the special revenue Student Activities Fund to account for activities previously reported as fiduciary. The effect of the adoption was to increase the July 1, 2019 beginning fund balance by approximately \$340,000.

Combined, the fund balance of our debt service funds did not significantly change from the prior year. Millage rates stayed the same at 12.16 mills. Millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service. Debt service fund balances are reserved since they can only be used to pay debt service obligations.

Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenue and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted in June 2020. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in the required supplemental information of these financial statements.

There were significant revisions made to the 2019-2020 original budget. Budgeted General Fund revenue was decreased by \$1.4 million to \$23.9 million due to projected state funding cuts. There was widespread belief that every district would be receiving a large reduction due to the significant decrease in state revenue as a result of the COVID-19 business shutdown and related increase in unemployment.

Budgeted expenditures were also decreased by \$0.6 million to \$24.5 million, primarily due to midyear staff layoffs and cost savings due to the COVID-19 shutdown. The transportation contract was renegotiated to include a 40 percent reduction during the spring shutdown, and custodial and building operations costs decreased significantly as well.

There were no significant variances between the final budget and actual expenditure amounts. The proration to the state foundation allowance for 2019-2020 (\$175 per pupil) was less than anticipated (approximately \$650 per pupil), which resulted in a favorable variance in actual state revenue for the year compared to the final budgeted revenue.

Brandon School District

Management's Discussion and Analysis (Continued)

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2020, the School District had \$77.0 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This amount represents a net increase (including additions, disposals, and depreciation) of approximately \$(0.7) million, or 0.8 percent, from last year.

	2020	2019
Land	\$ 1,535,045	\$ 1,535,045
Construction in progress	-	1,479,195
Buildings and improvements	111,184,942	106,437,820
Furniture and equipment	9,814,684	9,685,325
Vehicles and buses	2,816,605	2,816,605
Total capital assets	125,351,276	121,953,990
Less accumulated depreciation	48,395,774	45,636,655
Total capital assets - Net of accumulated depreciation	<u>\$ 76,955,502</u>	<u>\$ 76,317,335</u>

This year's increase in capital assets was primarily due to several planned capital projects completed during the 2019-2020 fiscal year. The School District completed the high school renovation, HVAC systems upgrades in all buildings, air conditioning, LED lighting upgrades, and roof projects. We present more detailed information about our capital assets in the notes to the financial statements.

Debt

At the end of this year, the School District had \$85.8 million in bonds outstanding versus \$73.1 million in the previous year, a change of 17.3 percent. Those bonds consisted of the following:

	2020	2019
General obligation bonds	\$ 85,780,000	\$ 73,115,000

The School District's general obligation bond rating continues to be A+. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues qualified debt (i.e., debt backed by the State of Michigan), such obligations are not subject to this debt limit. The 2015 SBLF Refunding Bond, 2016 Refunding Bond, 2018 Refunding Bond, and 2019 Refunding Bond are state qualified and, therefore, are not subject to the 15 percent debt issue limit.

Other obligations include borrowings from the school bond loan fund, an installment purchase agreement, accrued vacation pay, sick leave, and capital leases. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration considered many factors when setting the School District's 2020-2021 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The 2020-2021 proposed budget was adopted in June 2020 based on an estimate of students who will enroll in September 2020. Approximately 78.0 percent of the projected total General Fund revenue is from the foundation allowance. Under state law, the School District cannot access additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2020 school year, we anticipate that the fall student count will be better than the estimates used in creating the 2020-2021 budget. Once the final student count and related per pupil funding are validated, state law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations.

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

Contacting the School District's Management

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

	June 30, 2020
	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents (Note 4)	\$ 4,822,278
Receivables:	
Other receivables	41,615
Due from other governments	3,430,629
Inventories	7,469
Prepaid assets	245,222
Restricted cash and investments (Note 4)	208,231
Capital assets - Net (Note 6)	76,955,502
Land contract receivable (restricted) (Note 6)	<u>450,000</u>
Total assets	86,160,946
Deferred Outflows of Resources	
Deferred pension costs (Note 11)	11,494,414
Deferred OPEB costs (Note 11)	<u>2,580,931</u>
Total deferred outflows of resources	14,075,345
Liabilities	
Accounts payable	153,383
Accrued liabilities and other	3,116,178
Unearned revenue (Note 5)	171,696
Noncurrent liabilities:	
Due within one year (Note 8)	14,564,403
Due in more than one year (Note 8)	89,485,965
Net pension liability (Note 11)	42,767,780
Net OPEB liability (Note 11)	<u>8,904,976</u>
Total liabilities	159,164,381
Deferred Inflows of Resources	
Revenue in support of pension contributions made subsequent to the measurement date (Note 11)	1,366,372
Deferred pension cost reductions (Note 11)	4,014,196
Deferred OPEB cost reductions (Note 11)	<u>4,544,715</u>
Total deferred inflows of resources	<u>9,925,283</u>
Net Position	
Net investment in capital assets	(26,475,899)
Unrestricted	<u>(42,377,474)</u>
Total net position	<u><u>\$ (68,853,373)</u></u>

Year Ended June 30, 2020

Functions/Programs	Program Revenue			Governmental
	Expenses	Charges for Services	Operating Grants and Contributions	Activities
				Net (Expense) Revenue and Changes in Net Position
Primary government - Governmental activities:				
Instruction	\$ 14,480,881	\$ -	\$ 6,455,320	\$ (8,025,561)
Support services	9,971,016	-	81,039	(9,889,977)
Athletics	581,915	45,598	-	(536,317)
Food services	888,738	285,954	663,208	60,424
Community services	404,542	266,331	-	(138,211)
Interdistrict payments	348,837	-	-	(348,837)
Interest	3,375,966	-	-	(3,375,966)
Other	220,610	-	-	(220,610)
Depreciation expense (unallocated)	2,759,119	-	-	(2,759,119)
Total primary government	\$ 33,031,624	\$ 597,883	\$ 7,199,567	(25,234,174)
General revenue:				
Taxes:				
Property taxes, levied for general purposes				2,734,516
Property taxes, levied for debt service				7,935,919
State aid not restricted to specific purposes				15,079,418
Interest and investment earnings				64,970
Gain on sale of capital assets				51,974
Other				541,016
Total general revenue				26,407,813
Change in Net Position				1,173,639
Net Position - Beginning of year, as restated (Note 2)				(70,027,012)
Net Position - End of year				\$ (68,853,373)

Brandon School District

**Governmental Funds
Balance Sheet**

June 30, 2020

	General Fund	Food Service Fund	2015 SBLF Refunding Bond Fund	2016 Refunding Bond Fund	2017 Capital Projects Improvement Fund	Nonmajor Funds	Total Governmental Funds
Assets							
Cash and investments (Note 4)	\$ 3,230,647	\$ 306,426	\$ -	\$ -	\$ -	\$ 1,285,205	\$ 4,822,278
Receivables:							
Other receivables	40,878	-	-	-	-	737	41,615
Due from other governments	3,376,796	53,833	-	-	-	-	3,430,629
Inventories	-	7,469	-	-	-	-	7,469
Prepaid assets	245,222	-	-	-	-	-	245,222
Restricted cash and investments (Note 4)	-	-	71,254	44,507	-	92,470	208,231
Land contract receivable (restricted) (Note 6)	-	-	-	-	450,000	-	450,000
Total assets	\$ 6,893,543	\$ 367,728	\$ 71,254	\$ 44,507	\$ 450,000	\$ 1,378,412	\$ 9,205,444
Liabilities							
Accounts payable	\$ 133,332	\$ 6,994	\$ -	\$ -	\$ -	\$ 13,057	\$ 153,383
Accrued liabilities and other	2,482,850	26,216	-	-	-	41,462	2,550,528
Unearned revenue (Note 5)	153,244	18,452	-	-	-	-	171,696
Total liabilities	2,769,426	51,662	-	-	-	54,519	2,875,607
Deferred Inflows of Resources -							
Unavailable revenue (Note 5)	-	-	-	-	450,000	-	450,000
Total liabilities and deferred inflows of resources	2,769,426	51,662	-	-	450,000	54,519	3,325,607
Fund Balances							
Nonspendable:							
Inventories	-	7,469	-	-	-	-	7,469
Prepaid assets	245,222	-	-	-	-	-	245,222
Restricted:							
Debt service	-	-	71,254	44,507	-	391,898	507,659
Capital projects	-	-	-	-	-	66,439	66,439
Food service	-	308,597	-	-	-	-	308,597
Committed:							
Capital projects	-	-	-	-	-	10,086	10,086
Debt service	-	-	-	-	-	458,375	458,375
Student activities	-	-	-	-	-	397,095	397,095
Assigned (Note 2)	2,140,191	-	-	-	-	-	2,140,191
Unassigned	1,738,704	-	-	-	-	-	1,738,704
Total fund balances	4,124,117	316,066	71,254	44,507	-	1,323,893	5,879,837
Total liabilities, deferred inflows of resources, and fund balances	\$ 6,893,543	\$ 367,728	\$ 71,254	\$ 44,507	\$ 450,000	\$ 1,378,412	\$ 9,205,444

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2020

Fund Balances Reported in Governmental Funds	\$ 5,879,837
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds:	
Cost of capital assets	125,351,276
Accumulated depreciation	<u>(48,395,774)</u>
Net capital assets used in governmental activities	76,955,502
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	450,000
Bonds payable, capital lease obligations, installment purchase agreement obligations, and bond premiums are not due and payable in the current period and are not reported in the funds	(103,547,584)
Accrued interest is not due and payable in the current period and is not reported in the funds	(565,650)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(502,784)
Net pension liability and related deferred inflows and outflows	(35,287,562)
Net OPEB liability and related deferred inflows and outflows	(10,868,760)
Revenue in support of pension contributions made subsequent to the measurement date is reported as a deferred inflow of resources in the statement of net position and is not reported in the funds	<u>(1,366,372)</u>
Net Position of Governmental Activities	<u><u>\$ (68,853,373)</u></u>

Brandon School District

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2020

	General Fund	Food Service Fund	2015 SBLF Refunding Bond Fund	2016 Refunding Bond Fund	2017 Capital Projects Improvement Fund	Nonmajor Funds	Total Governmental Funds
Revenue							
Local sources	\$ 3,048,507	\$ 285,954	\$ 4,438,039	\$ 2,689,250	\$ -	\$ 1,493,593	\$ 11,955,343
State sources	19,002,745	38,443	-	-	-	14,806	19,055,994
Federal sources	949,366	624,765	-	-	-	-	1,574,131
Interdistrict sources	1,431,860	-	-	-	-	-	1,431,860
Total revenue	24,432,478	949,162	4,438,039	2,689,250	-	1,508,399	34,017,328
Expenditures							
Current:							
Instruction	13,563,133	-	-	-	-	-	13,563,133
Support services	9,017,778	-	-	-	23,862	473,483	9,515,123
Athletics	558,565	-	-	-	-	-	558,565
Food services	-	857,414	-	-	-	-	857,414
Community services	106,885	-	-	-	-	277,840	384,725
Debt service:							
Principal	245,640	-	9,400,000	2,455,000	-	1,487,000	13,587,640
Interest	16,839	-	468,116	2,146,000	-	835,783	3,466,738
Other	-	-	501	500	-	219,609	220,610
Capital outlay	156,242	30,447	-	-	67,217	3,224,960	3,478,866
Interdistrict payments	348,837	-	-	-	-	-	348,837
Total expenditures	24,013,919	887,861	9,868,617	4,601,500	91,079	6,518,675	45,981,651
Excess of Revenue Over (Under) Expenditures	418,559	61,301	(5,430,578)	(1,912,250)	(91,079)	(5,010,276)	(11,964,323)
Other Financing Sources (Uses)							
Face value of debt issued	-	-	-	-	-	25,860,000	25,860,000
Proceeds from sale of capital assets	29,474	-	-	-	22,500	-	51,974
School Bond Loan Revolving Fund proceeds	-	-	5,439,261	1,912,640	-	1,104,503	8,456,404
Transfers in	75,000	-	-	-	-	523,033	598,033
Payment to bond refunding escrow agent	-	-	-	-	-	25,635,000	(25,635,000)
Transfers out	(523,033)	(75,000)	-	-	-	-	(598,033)
Total other financing (uses) sources	(418,559)	(75,000)	5,439,261	1,912,640	22,500	1,852,536	8,733,378
Net Change in Fund Balances	-	(13,699)	8,683	390	(68,579)	(3,157,740)	(3,230,945)
Fund Balances - Beginning of year, as restated (Note 2)	4,124,117	329,765	62,571	44,117	68,579	4,481,633	9,110,782
Fund Balances - End of year	\$ 4,124,117	\$ 316,066	\$ 71,254	\$ 44,507	\$ -	\$ 1,323,893	\$ 5,879,837

Governmental Funds

**Reconciliation of the Statement of Revenue, Expenditures, and Changes in
Fund Balances to the Statement of Activities**

Year Ended June 30, 2020

Net Change in Fund Balances Reported in Governmental Funds	\$ (3,230,945)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capitalized capital outlay	3,397,286
Depreciation expense	<u>(2,759,119)</u>
Total	638,167
Revenue in support of pension contributions made subsequent to the measurement date	135,961
Issuing debt, net of premiums and discounts, provides current financial resources to governmental funds but increases long-term liabilities in the statement of net position	(34,316,404)
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt); amortization of premiums related to bond refundings are not expenses in the governmental funds	39,690,072
Interest expense is recognized in the government-wide statements as it accrues	(376,660)
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	<u>(1,366,552)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 1,173,639</u></u>

Brandon School District

Fiduciary Funds
Statement of Fiduciary Net Position

June 30, 2020

	Expendable Fletcher/Jones Endowment
Assets - Cash and investments	\$ 61,912
Net Position - Restricted	\$ 61,912

Brandon School District

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2020

	<u>Expendable Fletcher/Jones Endowment</u>
Additions - Interest	\$ 998
Deductions - Scholarships awarded	<u>4,500</u>
Net Decrease in Fiduciary Net Position	(3,502)
Net Position - Beginning of year	<u>65,414</u>
Net Position - End of year	<u><u>\$ 61,912</u></u>

Note 1 - Nature of Business

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

Note 2 - Significant Accounting Policies

Accounting and Reporting Principles

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

Reporting Entity

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

Report Presentation

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

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

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions to this general rule occur when there are charges between the School District's business-type activities and various other functions. Eliminations of these charges would distort the direct costs and program revenue reported for the various functions concerned.

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

Note 2 - Significant Accounting Policies (Continued)

Fund Accounting

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

Governmental Funds

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

- *General Fund* - The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- *Food Service Fund* - The Food Service Fund is used to record food sales to customers and dedicated grants from state and federal sources. Any operating deficit generated by these activities is the responsibility of the General Fund.
- *2015 SBLF Refunding Bond Fund* - The 2015 School Bond Loan Refunding Bond Fund is used to record tax revenue and proceeds from the School Bond Loan Fund for payment of bond principal and interest.
- *2016 Refunding Bond Fund* - The 2016 Refunding Bond Fund is used to record tax revenue and proceeds from the 2016 Refunding Bond for payment of bond principal and interest.
- *2017 Capital Projects Improvements Fund* - The 2017 Capital Projects Improvements Fund is used to record the disbursement of invoices specifically designated for capital improvement projects. The fund operates until the purpose for which it was created is complete.

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

- *Childcare Fund* - The Childcare Fund is used to account for the proceeds of specific revenue sources that are committed to expenditure for specific purposes. Revenue of the Childcare Fund consists primarily of fees charged to users. Any operating deficit generated by these activities is the responsibility of the General Fund.
- *Student Activities Fund* - Revenue sources for the Student Activity Fund includes fundraising revenue and donations earned and received by student groups. Any operating deficit generated by these activities is the responsibility of the General Fund.
- *Debt Service Funds* - Debt service funds are used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on long-term debt.
- *Capital Projects Fund* - Capital projects funds are used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new school sites, buildings, equipment, technology upgrades, and for remodeling and repairs. The funds operate until the purpose for which they were created is accomplished.

Note 2 - Significant Accounting Policies (Continued)

Fiduciary Funds

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts are not used to operate the School District's programs. The School District's fiduciary fund consists of an expendable endowment, which includes contributions received by the School District to be awarded in the form of scholarships.

Interfund Activity

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

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

Basis of Accounting

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

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

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

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

Specific Balances and Transactions

Cash and Investments

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

Note 2 - Significant Accounting Policies (Continued)

Inventories and Prepaid Items

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

Restricted Assets

The following amounts are reported as restricted assets:

- Cash proceeds from the sale of a building and related improvements that were previously purchased with bond proceeds. These proceeds are yet to be received by the 2017 Capital Projects funds but, once received, will be restricted for future construction projects because the original asset was purchased with bond proceeds that were restricted for capital improvements.
- Unspent property taxes levied held in the debt service funds required to be set aside for future bond principal and interest payments
- Unspent proceeds related to the 2019 Energy Bond Capital Projects Fund, which is restricted for specific capital improvements

Capital Assets

Capital assets, which include buildings and improvements, furniture and equipment, and vehicles and buses, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

	<u>Depreciable Life - Years</u>
Buildings and improvements	20 - 50
Furniture and equipment	5 - 20
Vehicles and buses	5

Long-term Obligations

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

Deferred Outflows/Inflows of Resources

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

Note 2 - Significant Accounting Policies (Continued)

The School District reports deferred outflows related to deferred pension and OPEB plan costs.

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

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

Net Position

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

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

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

Note 2 - Significant Accounting Policies (Continued)

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The School District has, by resolution, authorized the finance director to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally 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 either to remove or revise a commitment. As of June 30, 2020, the Board of Education has assigned \$2,000,000 of General Fund fund balance for capital improvements and approximately \$140,000 to account for the fiscal year budgeted operating deficit.

Property Tax Revenue

Property taxes are assessed as of December 31, and the related property taxes become a lien on July 1 of the following year. These taxes are billed on July 1 for approximately 50 percent of the taxes and on December 1 for the remainder of the property taxes. Taxes are considered delinquent on March 1 of the following year. At this time, penalties and interest are assessed, and the total obligation is added to the county tax rolls. The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Grants and Contributions

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

Pension and Other Postemployment Benefit (OPEB) Plans

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

Compensated Absences (Vacation and Sick Leave)

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

Note 2 - Significant Accounting Policies (Continued)

Use of Estimates

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

Adoption of New Accounting Pronouncement

During the current year, the School District adopted GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. As a result of implementing this standard, student activities were previously reported as fiduciary activities but no longer meet the definition of such; therefore, these activities are now reported within a nonmajor governmental special revenue fund.

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

	Nonmajor Governmental Funds	Governmental Activities
Net position/fund balance - June 30, 2019 - As previously reported	\$ 8,770,321	\$ (70,367,473)
Adjustment for GASB Statement No. 84 - To change fund type	340,461	340,461
Net position/fund balance - June 30, 2019 - As restated	<u>\$ 9,110,782</u>	<u>\$ (70,027,012)</u>

Upcoming Accounting Pronouncement

In June 2017, the Governmental Accounting Standards Board issued GASB Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The School District is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2022.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including October 2, 2020, which is the date the financial statements were available to be issued.

Following the passing of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was signed into law on March 27, 2020 to combat the effects of the COVID-19 pandemic, the U.S. Department of Treasury distributed Coronavirus Relief Fund (CRF) payments to the State of Michigan. During July and August 2020, the School District received \$829,941 of these restricted CRF funds from the Michigan Department of Education. The CRF funds can be used only for eligible costs and are subject to certain Uniform Guidance and grant-specific reporting requirements.

Note 3 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund. Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for all special revenue funds except that expenditures are budgeted by object rather than functional categories. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund or function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. The School District amended the General Fund budgeted amounts during the year to reflect changes in funding from state and federal sources.

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

Excess of Expenditures Over Appropriations in Budgeted Funds

The School District did not have significant expenditure budget variances.

Capital Projects Fund Compliance

The \$450,000 receivable recorded in the 2017 Capital Projects Improvement(s) Fund relates to the sale of a building that was originally purchased with bonds issued after May 1, 1994. As such, any future capital projects paid for with those funds will be subject to the applicable provisions of §1351a of the State of Michigan's School Code. The projects for which the 2017 bonds were issued were considered substantially complete during a prior period, and the School District has already completed the required reporting to the Michigan Department of Treasury.

The 2019 Energy Bond expenditures are not subject to the applicable provision of §1351a.

Note 4 - Deposits and Investments

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

The School District has designated three banks for the deposit of its funds.

There are no limitations or restrictions on participant withdrawals for approximately \$4,690,000 of the investment pools that are recorded at amortized cost, except for a minimum one-day investment period. For approximately \$55,000 of investment pools, investments may not be redeemed for at least 14 calendar days, with the exception of direct investments of funds distributed by the State of Michigan. Redemptions made prior to the applicable 14-day period are subject to a penalty equal to 15 days' interest on the amounts so redeemed.

Note 4 - Deposits and Investments (Continued)

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At year end, the School District had \$5,194,449 of bank deposits (certificates of deposit and checking and savings accounts) that was uninsured and uncollateralized. The School District believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the School District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's investment policy states that custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law and by prequalifying the financial institutions, brokers/dealers, intermediaries, and advisors with which the School District will do business using the criteria established in the investment policy. At June 30, 2020, the School District does not have investments with custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity.

Credit Risk

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

Investment	Fair Value	Rating	Rating Organization
MILAF External Investment Pool - MICMS	\$ 4,689,946	AAAm	Standard & Poor's
MILAF External Investment Pool - MIMAX	<u>54,833</u>	AAAm	Standard & Poor's
Total	<u>\$ 4,744,779</u>		

Concentration of Credit Risk

The School District's investment policy minimizes concentration of credit risk by requiring diversification of the investment portfolio so the impact of potential losses from any one type of security or issuer will be minimized. The School District does not have any investments subject to concentration of credit risk.

Foreign Currency Risk

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

June 30, 2020

Note 5 - Unavailable/Unearned Revenue

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

At June 30, 2020, the School District had \$171,696 of unearned revenue, primarily related to grant and categorical aid payments received prior to meeting all eligibility requirements. Additionally, the School District had \$450,000 of unavailable revenue related to proceeds from the sale of capital assets not received within 60 days of year end.

Note 6 - Capital Assets

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

Governmental Activities

	Balance July 1, 2019	Additions	Disposals and Adjustments	Balance June 30, 2020
Capital assets not being depreciated:				
Land	\$ 1,535,045	\$ -	\$ -	\$ 1,535,045
Construction in progress	1,479,195	-	(1,479,195)	-
Subtotal	3,014,240	-	(1,479,195)	1,535,045
Capital assets being depreciated:				
Buildings and improvements	106,437,820	3,267,927	1,479,195	111,184,942
Furniture and equipment	9,685,325	129,359	-	9,814,684
Vehicles and buses	2,816,605	-	-	2,816,605
Subtotal	118,939,750	3,397,286	1,479,195	123,816,231
Accumulated depreciation:				
Buildings and improvements	35,080,934	2,296,972	-	37,377,906
Furniture and equipment	8,468,529	120,438	-	8,588,967
Vehicles and buses	2,087,192	341,709	-	2,428,901
Subtotal	45,636,655	2,759,119	-	48,395,774
Net capital assets being depreciated	73,303,095	638,167	1,479,195	75,420,457
Net governmental activities capital assets	<u>\$ 76,317,335</u>	<u>\$ 638,167</u>	<u>\$ -</u>	<u>\$ 76,955,502</u>

Depreciation expense was not charged to activities, as the School District considers its assets to benefit multiple activities, and allocation is not practical. In the prior year, the School District sold a building, which is being paid for on land contract, with an ending balance due to the School District of \$450,000 as of June 30, 2020. The amount has been recorded as a long-term receivable in the 2017 Capital Projects Improvement Fund, as payment is not due until December 2020. The land contract carries a 5 percent interest, which is payable to the School District monthly.

June 30, 2020

Note 7 - Interfund Receivables, Payables, and Transfers

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

- \$75,000 transfer from the Food Service Fund to the General Fund to cover indirect costs
- \$518,831 transfer from the General Fund to the nonmajor 2019 Energy Bond Debt Fund and the nonmajor 2019 Installment Purchase Agreement Debt Fund to cover required principal and interest payments
- \$4,202 transfer from the General Fund to the Childcare Fund to subsidize the operating deficit

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

Note 8 - Long-term Debt

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and notes payable:					
Direct borrowings and direct placements:					
Installment purchase agreement	\$ 2,874,000	\$ -	\$ (147,000)	\$ 2,727,000	\$ 149,000
School bond loan fund and revolving fund	25,360,742	8,781,792	(25,635,000)	8,507,534	-
Total direct borrowings and direct placements principal outstanding	28,234,742	8,781,792	(25,782,000)	11,234,534	149,000
Other debt - General obligation bonds payable	73,115,000	25,860,000	(13,195,000)	85,780,000	13,570,000
Unamortized bond premiums	6,633,499	-	(467,482)	6,166,017	467,482
Total bonds and notes payable	107,983,241	34,641,792	(39,444,482)	103,180,551	14,186,482
Capital leases	612,673	-	(245,640)	367,033	252,225
Compensated absences	452,911	49,873	-	502,784	125,696
Total governmental activities long-term debt	<u>\$ 109,048,825</u>	<u>\$ 34,691,665</u>	<u>\$ (39,690,122)</u>	<u>\$ 104,050,368</u>	<u>\$ 14,564,403</u>

Installment Purchase Agreement

During fiscal year 2019, the School District issued a \$2,874,000 installment purchase agreement (IPA), which represents a direct borrowing from a financial institution. The obligation carries a 2.91 percent interest rate payable on October 1 and April 1 of each year through maturity. Principal is payable on April 1 of each year, through maturity, with the final payment due in April 2034. In the event of unavailability or insufficiency of General Fund monies to cover the related obligations of the IPA, the obligations will be payable from future operating taxes levied by the School District.

Note 8 - Long-term Debt (Continued)

General Obligation Bonds and Contracts

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

General obligations outstanding at June 30, 2020 are as follows:

Purpose	Year Issued	Interest Rates	Maturing	Outstanding
\$47,635,000 Qualified serial refunding bond issue	2015	2.27% to 2.61%	2021	\$ 9,760,000
\$46,220,000 Qualified serial refunding bond issue	2016	5.00%	2036	40,465,000
\$10,225,000 Qualified serial refunding bond issue	2018	2.50% to 5.00%	2026	7,805,000
\$2,000,000 serial energy bond issue	2019	3.00% to 3.75%	2033	1,890,000
\$25,600,000 serial refunding bond issue	2019	2.28% to 2.47%	2030	25,860,000
Total governmental activities				<u>\$ 85,780,000</u>

Other Long-term Liabilities

Other long-term obligations include employee compensated absences and capital lease obligations, which will be liquidated primarily by the General Fund. The net pension liability and the net OPEB liability will be liquidated from the funds from which the individual employee's salaries are paid, generally the General Fund.

Debt Service Requirements to Maturity

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

Years Ending June 30	Governmental Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2021	\$ 149,000	\$ 79,356	\$ 13,570,000	\$ 3,374,870	\$ 17,173,226
2022	155,000	75,020	3,990,000	3,296,114	7,516,134
2023	161,000	70,510	3,980,000	2,853,528	7,065,038
2024	168,000	65,824	3,965,000	2,656,806	6,855,630
2025	175,000	60,936	3,920,000	2,292,280	6,448,216
2026-2030	982,000	224,276	40,435,000	7,964,065	49,605,341
Thereafter	937,000	69,552	15,920,000	2,744,306	19,670,858
Total	<u>\$ 2,727,000</u>	<u>\$ 645,474</u>	<u>\$ 85,780,000</u>	<u>\$ 25,181,969</u>	<u>\$ 114,334,443</u>

Note 8 - Long-term Debt (Continued)***School Bond Loan Fund***

The school bond loan payable represents a direct borrowing from the State of Michigan for loans made to the School District, as authorized by the 1963 State of Michigan Constitution, for the purpose of paying principal and interest on general obligation bonds of the School District issued for capital expenditures. The School Bond Loan Fund was accessible to school districts for borrowings that initiated before July 20, 2005. Interest rates are to be annually determined by the State Administrative Board. Interest during the year ended June 30, 2020 ranged from 3.07 percent to 3.41 percent. The principal and outstanding interest obligation totaling \$7,013 was repaid in full in September 2019.

School Loan Revolving Fund

The School Loan Revolving Fund payable represents a direct borrowing from the State of Michigan for loans made to the School District, as authorized by the 1963 State of Michigan Constitution, for the purpose of paying principal and interest on general obligation bonds of the School District issued for capital expenditures. Interest rates are to be annually determined by the State Administrative Board in accordance with Section 9 of Act No. 92 of the Public Acts of 2005 (the "Act"), as amended. The School Loan Revolving Fund is accessible to school districts for borrowings that initiated after July 19, 2005. Interest during the year ended June 30, 2020 ranged from 3.07 percent to 3.41 percent. Repayment begins as soon as annual tax collections exceed annual debt service payment requirements. The predetermined mandatory final loan repayment date is May 1, 2032. If the School District fails to levy the appropriate debt mills in accordance with the agreement or defaults in loan repayment, the School District shall increase its debt levy in the next succeeding year, and a default late charge of 3 percent will apply. Due to the variability of the factors that affect the timing of repayment, including the future amount of state-equalized value of property in the School District, no provision for repayment has been included in the above debt maturity schedule. If the School District is in default of the loan agreement, the State of Michigan may withhold state aid funding until repayment terms satisfactory with the State of Michigan have been made. As a result of the issuance of the 2019 Refunding Bonds, the School District repaid \$25,627,987 toward the outstanding School Loan Revolving Fund balance. The remaining outstanding principal and interest balance at June 30, 2020 is \$8,507,534.

Current Bond Refunding

During the year, the School District issued \$25,860,000 in general obligation bonds (2019 Refunding Bonds) with interest rates ranging from 2.28 to 2.47 percent. The net proceeds of these bonds (after payment of approximately \$219,000 in underwriting fees, insurance, and other issuance costs) were used to pay down \$25,635,000 of Michigan School Bond Loan and Revolving Fund debt with interest rates ranging from 3.07 to 3.41 percent. As a result, the portion of the liability for the Michigan School Bond Loan and Revolving Fund has been removed from long-term debt. The refunding reduced total debt service payments over the next 19 years by \$2,778,637, which represents an economic gain of \$1,828,655.

Note 9 - Capital Leases

Capital Leases

The School District has entered into four lease agreements as lessee for financing the purchase of copiers and 19 school buses. These lease agreements qualify as capital leases for accounting purposes. Total cost basis of \$1,835,508 and accumulated depreciation of \$1,238,308 is included in capital assets at June 30, 2020. The future minimum lease obligations and the net present value are as follows:

Years Ending	Amount
2021	\$ 262,479
2022	58,722
2023	31,188
2024	31,188
Total	383,577
Less amount representing interest	16,544
Present value	<u>\$ 367,033</u>

Note 10 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District has purchased commercial insurance for potential health claims. The School District participates in the public entity risk pool (self-insurance pool) for claims relating to workers' compensation, property and casualty, general liability, and builder insurance claims through MASB/SET/SEG. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

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

Note 11 - Michigan Public School Employees' Retirement System

Plan Description

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

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

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

Benefits Provided

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

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

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

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

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

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

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

Contributions

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

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

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

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

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

The range of rates is as follows:

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

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

The School District's required and actual pension contributions to the plan for the year ended June 30, 2020 were \$3,403,992, which include the School District's contributions required for those members with a defined contribution benefit. The School District's required and actual pension contributions include an allocation of \$1,366,372 in revenue received from the State of Michigan and remitted to the System to fund the MPERS unfunded actuarial accrued liability (UAAL) stabilization rate for the year ended June 30, 2020.

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2020 were \$864,124, which includes the School District's contributions required for those members with a defined contribution benefit.

Net Pension Liability

At June 30, 2020, the School District reported a liability of \$42,767,780 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2018, which used update procedures to roll forward the estimated liability to September 30, 2019. The School District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2019 and 2018, the School District's proportion was 0.13 and 0.14 percent, respectively, representing a change of 6.39 percent.

June 30, 2020

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

Net OPEB Liability

At June 30, 2020, the School District reported a liability of \$8,904,976 for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2020 was measured as of September 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2018, which used update procedures to roll forward the estimated liability to September 30, 2019. The School District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2019 and 2018, the School District's proportion was 0.12 and 0.14 percent, respectively, representing a change of 8.81 percent.

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

For 2020, the School District recognized pension expense of \$5,565,675, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 191,699	\$ (178,338)
Changes in assumptions	8,373,961	-
Net difference between projected and actual earnings on pension plan investments	-	(1,370,635)
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	11,479	(2,465,223)
The School District's contributions to the plan subsequent to the measurement date	2,917,275	-
Total	\$ 11,494,414	\$ (4,014,196)

The \$1,366,372 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year end June 30, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2021	\$ 1,848,718
2022	1,513,269
2023	872,324
2024	328,632
Total	\$ 4,562,943

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

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

For the year ended June 30, 2020, the School District recognized a reduction to OPEB expense of \$25,656.

June 30, 2020

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (3,267,488)
Changes in assumptions	1,929,528	-
Net difference between projected and actual earnings on OPEB plan investments	-	(154,862)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	181	(1,122,365)
Employer contributions to the plan subsequent to the measurement date	651,222	-
Total	<u>\$ 2,580,931</u>	<u>\$ (4,544,715)</u>

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

Years Ending	Amount
2021	\$ (667,994)
2022	(667,994)
2023	(590,679)
2024	(444,920)
2025	(243,419)
Total	<u>\$ (2,615,006)</u>

Actuarial Assumptions

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

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

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

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

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

Discount Rate

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

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	28.00 %	5.50 %
Private equity pools	18.00	8.60
International equity pools	16.00	7.30
Fixed-income pools	10.50	1.20
Real estate and infrastructure pools	10.00	4.20
Absolute return pools	15.50	5.20
Short-term investment pools	2.00	0.80
Total	100.00 %	

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

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

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

	1 Percentage Point Decrease (5.00 - 5.80%)	Current Discount Rate (6.00 - 6.80%)	1 Percentage Point Increase (7.00 - 7.80%)
Net pension liability of the School District	\$ 55,600,850	\$ 42,767,780	\$ 32,128,723

June 30, 2020

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

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

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

	1 Percentage Point Decrease (5.95%)	Current Rate (6.95%)	1 Percentage Point Increase (7.95%)
Net OPEB liability of the School District	\$ 10,923,291	\$ 8,904,976	\$ 7,210,152

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

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

	1 Percentage Point Decrease (6.50%)	Current Rate (7.50%)	1 Percentage Point Increase (8.50%)
Net OPEB liability of the School District	\$ 7,138,299	\$ 8,904,976	\$ 10,923,052

Pension Plan and OPEB Plan Fiduciary Net Position

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

Payable to the Pension Plan and OPEB Plan

At June 30, 2020, the School District reported a payable of \$468,729 and \$103,171 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2020.

Required Supplemental Information

Brandon School District

Required Supplemental Information Budgetary Comparison Schedule General Fund

Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue				
Local sources	\$ 3,022,515	\$ 3,075,775	\$ 3,048,507	\$ (27,268)
State sources	19,761,957	18,235,378	19,002,745	767,367
Federal sources	1,134,098	1,189,934	949,366	(240,568)
Interdistrict sources	1,395,645	1,431,093	1,431,860	767
Total revenue	25,314,215	23,932,180	24,432,478	500,298
Expenditures				
Current:				
Instruction:				
Basic programs	11,549,596	11,138,212	11,008,614	(129,598)
Added needs	2,579,627	2,684,552	2,578,207	(106,345)
Support services:				
Pupil	1,296,168	1,443,678	1,386,148	(57,530)
Instructional staff	1,003,590	1,074,232	970,794	(103,438)
General administration	468,899	455,571	455,094	(477)
School administration	1,221,824	1,241,286	1,331,464	90,178
Business	539,469	534,822	527,487	(7,335)
Operations and maintenance	2,776,276	2,502,564	2,499,267	(3,297)
Pupil transportation services	1,331,973	1,249,087	1,174,421	(74,666)
Central	785,292	750,182	709,579	(40,603)
Student activities	82,329	86,956	84,939	(2,017)
Athletics	617,600	574,054	569,704	(4,350)
Community services	115,937	103,239	106,885	3,646
Debt service	274,702	275,934	262,479	(13,455)
Interdistrict payments	317,553	395,000	348,837	(46,163)
Total expenditures	24,960,835	24,509,369	24,013,919	(495,450)
Excess of Revenue Over (Under) Expenditures	353,380	(577,189)	418,559	995,748
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	29,474	29,474
Transfers in	65,000	80,000	75,000	(5,000)
Transfers out	(418,380)	(6,955)	(523,033)	(516,078)
Total other financing (uses) sources	(353,380)	73,045	(418,559)	(491,604)
Net Change in Fund Balance	-	(504,144)	-	504,144
Fund Balance - Beginning of year	4,124,117	4,124,117	4,124,117	-
Fund Balance - End of year	\$ 4,124,117	\$ 3,619,973	\$ 4,124,117	\$ 504,144

Brandon School District

Required Supplemental Information
Budgetary Comparison Schedule
Food Service Fund

Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue				
Local sources	\$ 387,000	\$ 285,955	\$ 285,954	\$ (1)
State sources	63,865	36,568	38,443	1,875
Federal sources	501,000	638,801	624,765	(14,036)
Total revenue	951,865	961,324	949,162	(12,162)
Expenditures				
Current:				
Wages	263,600	258,245	255,815	(2,430)
Benefits	122,855	142,033	134,065	(7,968)
Purchased services	76,329	78,544	74,397	(4,147)
Supplies and materials	417,550	381,100	384,972	3,872
Capital outlay	10,000	30,075	30,447	372
Other	15,000	8,928	8,165	(763)
Total expenditures	905,334	898,925	887,861	(11,064)
Excess of Revenue Over Expenditures	46,531	62,399	61,301	(1,098)
Other Financing Uses - Transfers out	(65,000)	(80,000)	(75,000)	5,000
Net Change in Fund Balance	(18,469)	(17,601)	(13,699)	3,902
Fund Balance - Beginning of year	329,765	329,765	329,765	-
Fund Balance - End of year	<u>\$ 311,296</u>	<u>\$ 312,164</u>	<u>\$ 316,066</u>	<u>\$ 3,902</u>

Brandon School District

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

	Last Six Plan Years					
	Plan Years Ended September 30					
	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.12914 %	0.13797 %	0.14020 %	0.14291 %	0.14862 %	0.14812 %
School District's proportionate share of the net pension liability	\$ 42,767,780	\$ 41,476,405	\$ 36,331,630	\$ 35,655,534	\$ 36,299,581	\$ 32,625,155
School District's covered payroll	\$ 10,842,497	\$ 11,576,919	\$ 11,708,788	\$ 11,236,108	\$ 11,683,390	\$ 12,069,233
School District's proportionate share of the net pension liability as a percentage of its covered payroll	394.45 %	358.27 %	310.29 %	317.33 %	310.69 %	270.32 %
Plan fiduciary net position as a percentage of total pension liability	60.08 %	62.12 %	63.96 %	63.01 %	62.92 %	66.20 %

Brandon School District

Required Supplemental Information
 Schedule of the School District's Pension Contributions
 Michigan Public Schools Employees' Retirement System

	Last Six Fiscal Years					
	Years Ended June 30					
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 3,403,992	\$ 3,449,655	\$ 3,543,775	\$ 3,174,425	\$ 3,216,842	\$ 2,381,567
Contributions in relation to the statutorily required contribution	<u>3,403,992</u>	<u>3,449,655</u>	<u>3,543,775</u>	<u>3,174,425</u>	<u>3,216,842</u>	<u>2,381,567</u>
Contribution Deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$10,753,692	\$10,807,632	\$11,655,655	\$11,081,715	\$11,218,750	\$11,962,415
Contributions as a Percentage of Covered Payroll	31.65 %	31.92 %	30.40 %	28.65 %	28.67 %	19.91 %

Brandon School District

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

	Last Three Plan Years		
	Plan Years Ended September 30		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
School District's proportion of the net OPEB liability	0.12406 %	0.13606 %	0.13999 %
School District's proportionate share of the net OPEB liability	\$ 8,904,976	\$ 10,815,542	\$ 12,396,598
School District's covered payroll	\$ 10,842,497	\$ 11,576,919	\$ 11,708,788
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	82.13 %	93.42 %	105.87 %
Plan fiduciary net position as a percentage of total OPEB liability	48.67 %	43.10 %	36.53 %

Brandon School District

Required Supplemental Information
Schedule of the School District's OPEB Contributions
Michigan Public Schools Employees' Retirement System

	Last Three Fiscal Years		
	Years Ended June 30		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 864,124	\$ 848,942	\$ 841,856
Contributions in relation to the statutorily required contribution	<u>864,124</u>	<u>848,942</u>	<u>841,856</u>
Contribution Deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 10,753,692	\$ 10,807,632	\$ 11,655,655
Contributions as a Percentage of Covered Payroll	8.04 %	7.86 %	7.22 %

Pension Information

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

Benefit Changes

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

Changes in Assumptions

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

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

OPEB Information

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

Benefit Changes

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

Changes in Assumptions

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

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

Other Supplemental Information

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds**

June 30, 2020

	Special Revenue Funds		Debt Service Funds				Capital Projects Fund		Total
	Childcare Fund	Student Activities	2018 Debt Refunding	2019 Energy Bond	2019 Installment Purchase Agreement	2019 Refunding	2019 Energy Bond Capital Projects	2019 IPA Capital Projects	
Assets									
Cash and investments	\$ 41,462	\$ 396,798	\$ -	\$ 378,484	\$ 458,375	\$ -	\$ -	\$ 10,086	\$ 1,285,205
Receivables - Other	-	737	-	-	-	-	-	-	737
Restricted cash and investments	-	-	13,414	-	-	-	79,056	-	92,470
Total assets	\$ 41,462	\$ 397,535	\$ 13,414	\$ 378,484	\$ 458,375	\$ -	\$ 79,056	\$ 10,086	\$ 1,378,412
Liabilities									
Accounts payable	\$ -	\$ 440	\$ -	\$ -	\$ -	\$ -	\$ 12,617	\$ -	\$ 13,057
Accrued liabilities and other	41,462	-	-	-	-	-	-	-	41,462
Total liabilities	41,462	440	-	-	-	-	12,617	-	54,519
Fund Balances									
Restricted:									
Debt service	-	-	13,414	378,484	-	-	-	-	391,898
Capital projects	-	-	-	-	-	-	66,439	-	66,439
Committed:									
Capital projects	-	-	-	-	-	-	-	10,086	10,086
Debt service	-	-	-	-	458,375	-	-	-	458,375
Student activities	-	397,095	-	-	-	-	-	-	397,095
Total fund balances	-	397,095	13,414	378,484	458,375	-	66,439	10,086	1,323,893
Total liabilities and fund balances	\$ 41,462	\$ 397,535	\$ 13,414	\$ 378,484	\$ 458,375	\$ -	\$ 79,056	\$ 10,086	\$ 1,378,412

Brandon School District

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

Year Ended June 30, 2020

	Special Revenue Funds		Debt Service Funds				Capital Projects Fund		Total
	Childcare Fund	Student Activities	2018 Debt Refunding	2019 Energy Bond	2019 Installment Purchase Agreement	2019 Refunding	2019 Energy Bond Capital Projects	2019 IPA Capital Projects	
Revenue									
Local sources	\$ 213,248	\$ 455,592	\$ 809,256	\$ -	\$ -	\$ -	\$ 15,497	\$ -	\$ 1,493,593
State sources	14,806	-	-	-	-	-	-	-	14,806
Total revenue	228,054	455,592	809,256	-	-	-	15,497	-	1,508,399
Expenditures									
Current:									
Support services	19,463	398,958	-	-	-	-	55,062	-	473,483
Community services	277,840	-	-	-	-	-	-	-	277,840
Debt service:									
Principal	-	-	1,230,000	110,000	147,000	-	-	-	1,487,000
Interest	-	-	380,050	65,201	77,129	313,403	-	-	835,783
Other	-	-	751	-	-	218,858	-	-	219,609
Capital outlay	-	-	-	-	-	-	1,514,632	1,710,328	3,224,960
Total expenditures	297,303	398,958	1,610,801	175,201	224,129	532,261	1,569,694	1,710,328	6,518,675
Excess of Revenue (Under) Over Expenditures	(69,249)	56,634	(801,545)	(175,201)	(224,129)	(532,261)	(1,554,197)	(1,710,328)	(5,010,276)
Other Financing Sources (Uses)									
Face value of debt issued	-	-	-	-	-	25,860,000	-	-	25,860,000
School Bond Loan Revolving Fund proceeds	-	-	797,242	-	-	307,261	-	-	1,104,503
Transfers in	4,202	-	-	243,947	274,884	-	-	-	523,033
Payment to bond refunding escrow agent	-	-	-	-	-	(25,635,000)	-	-	(25,635,000)
Total other financing sources	4,202	-	797,242	243,947	274,884	532,261	-	-	1,852,536
Net Change in Fund Balances	(65,047)	56,634	(4,303)	68,746	50,755	-	(1,554,197)	(1,710,328)	(3,157,740)
Fund Balances - Beginning of year - As restated	65,047	340,461	17,717	309,738	407,620	-	1,620,636	1,720,414	4,481,633
Fund Balances - End of year	\$ -	\$ 397,095	\$ 13,414	\$ 378,484	\$ 458,375	\$ -	\$ 66,439	\$ 10,086	\$ 1,323,893

Brandon School District

Other Supplemental Information Schedule of Bonded Indebtedness

June 30, 2020

Years Ending June 30	2015 SBLF Refunding	2016 Refunding	2018 Refunding	2019 Energy Bond	2019 Refunding	Total
	Principal	Principal	Principal	Principal	Principal	
2021	\$ 9,760,000	\$ 2,495,000	\$ 1,200,000	\$ 115,000	\$ -	\$ 13,570,000
2022	-	2,505,000	1,365,000	120,000	-	3,990,000
2023	-	2,500,000	1,355,000	125,000	-	3,980,000
2024	-	2,495,000	1,340,000	130,000	-	3,965,000
2025	-	2,490,000	1,295,000	135,000	-	3,920,000
2026	-	2,500,000	1,250,000	140,000	3,680,000	7,570,000
2027	-	2,505,000	-	145,000	5,190,000	7,840,000
2028	-	2,515,000	-	150,000	5,420,000	8,085,000
2029	-	2,525,000	-	155,000	5,660,000	8,340,000
2030	-	2,530,000	-	160,000	5,910,000	8,600,000
2031	-	2,540,000	-	165,000	-	2,705,000
2032	-	2,550,000	-	170,000	-	2,720,000
2033	-	2,560,000	-	180,000	-	2,740,000
2034	-	2,575,000	-	-	-	2,575,000
2035	-	2,585,000	-	-	-	2,585,000
2036	-	2,595,000	-	-	-	2,595,000
Total remaining payments	\$ 9,760,000	\$ 40,465,000	\$ 7,805,000	\$ 1,890,000	\$ 25,860,000	\$ 85,780,000
Interest rate	2.27% to 2.61%	5.00%	2.50% to 5.00%	3.00% to 3.75%	2.28% to 2.47%	
Original issue	\$ 47,635,000	\$ 46,220,000	\$ 10,225,000	\$ 2,000,000	\$ 25,860,000	\$ 157,800,000

Principal payments for the bond issues are due on May 1 of each year.

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

Brandon School District

**Report to the Board of Education
June 30, 2020**

To the Board of Education
Brandon School District

We have recently completed our audit of the basic financial statements Brandon School District (the "School District") as of and for the year ended June 30, 2020. In addition to our audit report, we are providing the following results of the audit, other recommendations, and informational items that impact the School District:

	<u>Page</u>
Results of the Audit	1-5
Other Recommendations	6-7
Informational Items	8-17

We are grateful for the opportunity to be of service to Brandon School District. We would also like to extend our thanks to Ms. Janice Meek and the entire business office for their assistance and preparedness during the audit. We recognize that preparing for the audit is carried out in addition to your staff's normal daily activities. Should you have any questions regarding the comments in this report, please do not hesitate to call.

Plante & Moran, PLLC

October 2, 2020

Results of the Audit

October 2, 2020

To the Board of Education
Brandon School District

We have audited the financial statements of Brandon School District (the "School District") as of and for the year ended June 30, 2020 and have issued our report thereon dated October 2, 2020. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated April 20, 2020, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of the School District. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Our audit of the School District's financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we are obligated to communicate certain matters that come to our attention related to our audit to those responsible for the governance of the School District, including compliance with certain provisions of laws, regulations, contracts, and grant agreements; certain instances of error or fraud; illegal acts applicable to government agencies; and significant deficiencies in internal control that we identify during our audit. Toward this end, we issued a separate letter dated October 2, 2020 regarding our consideration of the 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.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on July 14, 2020.

Significant Audit Findings

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 the School District are described in Note 2 to the financial statements.

As described in Note 2, the School District adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Accordingly, the accounting change has been retrospectively applied to July 1, 2019, as required by the standard.

We noted no transactions entered into by the School District during the year for which there is a lack of authoritative guidance or consensus.

We noted 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 the School District's share of the MPSERS net liabilities for the pension and other postemployment benefit (OPEB) plans recorded on the government-wide statements related to GASB Statements No. 68 and 75, respectively. The School District's estimates as of June 30, 2020 were \$42.8 million and \$8.9 million, respectively, for the pension and OPEB plans based on data received from the Office of Retirement Services. We evaluated the key factors and assumptions used to develop the accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The Board of Education has also decided to assign a portion of the fund balance for future capital improvements. Disclosure of this matter has been reported in the financial statements.

The disclosures in the financial statements 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.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as 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.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements, which are discussed in further detail of the schedule of findings and questioned costs in the single audit report.

Significant Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the School District, and business plans and strategies that may affect the risks of material misstatement, with management each year prior to our retention as the School District's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition of our retention.

As required by 2 CFR Part 200, we have also completed an audit of the federal programs administered by the School District. The results of that audit are provided to the Board of Education in our report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with 2 CFR Part 200 dated October 2, 2020.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 2, 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 School 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 Information in Documents Containing Audited Financial Statements

Our responsibility for other information in documents containing the School District's financial statements and report does not extend beyond the financial statements. We do not have an obligation to determine whether or not such other information is properly stated. However, we read the management's discussion and analysis and budgetary comparison schedule, and nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information or manner of its presentation appearing in the financial statements.

To the Board of Education
Brandon School District

October 2, 2020

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

Very truly yours,

Plante & Moran, PLLC

A handwritten signature in black ink that reads "Paul D. Bryant". The signature is written in a cursive style with a large initial "P" and "B".

Paul D. Bryant, CPA
Partner

Other Recommendations

We have completed our audit of the financial statements of Brandon School District (the “School District”) as of and for the year ended June 30, 2020. As a result of our audit, and in the spirit of improvement, we offer the following comments and best practice recommendations for the Board of Education’s review and consideration:

Food Service Fund

We noted that the fund balance of the Food Service Fund exceeds the U.S. Department of Education’s maximum allowance of three months’ worth of operating expenditures as the School District continues to implement capital improvement projects for the food service program according to the state-approved plan. The School District should use this opportunity to upgrade or replenish equipment utilized by the food service department in order to reduce the fund balance in that fund. We would like to remind the School District that School Food Authorities (SFAs) are required to obtain prior written approval of their awarding agency before incurring the cost of a capital expenditure. For purposes of obtaining prior approval, equipment is defined as any item of nonexpendable personal property with a useful life of one year or longer and an acquisition cost that equals or exceeds the federal per unit capitalization threshold of \$5,000 or a lower threshold set by the State or local level regulations. However, to help mitigate the burden of the approval process, a preapproved list of assets has been provided by the USDA, which does not require separate written approval. The School District should also have its spend down plan approved by MDE for FY 21.

Informational Items

State Aid Funding

2019-2020 State Aid, Foundation Allowance, and Proration

Background

Beginning of the 2020 School Year: School funding for 2019-2020 started out with little clarity; as the year progressed, the funding picture only increased in complexity and uncertainty. Due to conflicting priorities between the governor and the Legislature, school aid funding was not set on July 1, 2019, the start of the School District's fiscal year. This meant the School District was required to enact a budget with little to no guidance as to what the school aid funding picture would look like. It also meant the School District would need to revisit budget assumptions once the final state aid package was enacted. Once the funding was settled, the focus moved to what 2020-2021 would look like. The January 2020 Revenue Estimating Conference painted a positive picture for the School Aid Fund and the General Fund looking forward, and the governor started the budget process with the administration's budget recommendations.

State Budget Crisis: The normal budget development process was halted in March 2020 as the State began dealing with the implications of COVID-19. Schools moved to remote learning, meals were served for whole communities, federal financial resources were quickly infused into the economy, and "stay home, stay safe" was the theme as the entire state worked to see a way through the challenges of COVID-19. In May 2020, the regularly scheduled Revenue Estimating Conference addressed two key questions: What was the status of state revenue for the 2020 fiscal year, and what projections can be made looking forward to 2021 and 2022? The conclusions reached at the meeting were dire. It was estimated the 2020 School Aid Fund would end the year with an approximate \$1 billion deficit, roughly translated to a \$685/pupil shortfall, that would need to be absorbed with the 2020 school year all but over. In addition, the estimates suggested there would be no improvement until 2022. These conclusions caused many districts to adjust their final 2020 budgets to reflect a potential proration of as much as \$650 to \$700 per pupil.

Financial Picture Improves: In the months that followed the May Revenue Estimating Conference, and well after the 2020 school year had ended, the State concluded it could balance its school aid budget with a \$175 per pupil proration cut, significantly less than the expected \$650 - \$700 per pupil estimate. In addition, in August 2020, a special Revenue Estimating Conference was held with the same goals as the May conference. With better data, the conference concluded that it is possible the \$175 per pupil proration would not need to recur in 2021, and the School Aid Fund will end in a better position than anticipated. While those conclusions are hopeful, significant unknowns remain related to an economic rebound and how resources will be allocated to funding priorities within school aid. The data will be used to craft a school funding plan for 2021; once complete, districts will once again need to revisit their 2021 budgets to reflect the budget priorities and funding levels provided by the 2021 amendments to the School Aid Act.

2020 Funding Implications for the School District

2019-2020 Foundation: The target foundation allowance (formerly known as the basic foundation allowance) increased by \$120, from \$8,409 to \$8,529. Additionally, using the “2X formula,” the minimum foundation allowance increased by \$240 per pupil to \$8,111. The School District’s foundation, allowance was increased to \$8,111, representing an increase of 3 percent. When a proration is applied, it does not change the actual foundation allowance. Instead it is essentially “taken off the top” of the funds provided to each district. For practical purposes, after applying proration, which occurred subsequent to June 30, 2020, the net result was effectively an increase of \$65 per pupil funding.

MPSERS Cost Support: Overall retirement costs continue to increase. The estimated contribution rate for 2019-2020 ranged from 36.44 to 39.91 percent, with the rate, net of state funding support, paid directly by the employer ranging from 24.03 to 27.50 percent. The State’s funding support is provided in three separate sections of the State Aid Act: Sections 147a, 147c, and 147e. The School District received a total of \$147,946 in 147a1, \$228,064 in 147a2, \$1,366,372 in 147c1, and \$19,561 of 147e. In general terms, this means the total cost of the retirement system contributions in 2019-2020, representing approximately 39 percent of covered payroll, is recognized as an expenditure in the School District’s financial statements along with related revenue that was previously considered state support to the system. The net effect is that the School District is responsible for approximately a 27 percent contribution to the retirement system.

COVID-19 Waivers and Flexibilities: With the onset of COVID-19, many waivers were put in place and flexibilities made available to allow for the continued operation of schools. Examples include waivers for in-person attendance and days and hours requirements, since learning was now using a remote model, and approval and use of a Continuity of Learning Plan to qualify for continued state funding.

2021 Funding Implications for the School District

The August 2020 Revenue Estimating Conference reflected a better than expected revenue picture through September 30, 2020 and more stable financial footing for fiscal year 2021. Communications surrounding financial projections are highly cautionary, as the uncertainty of the economic impact of the pandemic duration continues to loom large. Careful monitoring of legislative, gubernatorial, and Michigan Department of Education actions will be essential for the School District to understand and plan for all revenue, identify requirements to receive and utilize federal revenue, and craft methodologies to allocate costs to ensure reimbursement. Several elements that impact school financial management are summarized below:

- **2020-2021 Foundation:** The School District’s foundation allowance remains at the fiscal 2019-2020 level, with the minimum set at \$8,111 per pupil, and the target set at \$8,529 per pupil. The \$175 per pupil proration received in fiscal 2020 will not continue into fiscal 2021. School districts will also receive a one-time payment estimated at \$65 per pupil for fiscal year 2021 based on a 50/50 blend (50 percent weight on fiscal year 2020 membership plus 50 percent weight on what would have been the traditional fiscal year 2021 membership). Special education funding remains consistent at fiscal year 2020 levels, with the additional 2 percent reimbursement rate continuing in fiscal year 2021.

- **Pupil Membership Blend for 2020-2021:** Typically, the pupil count methodology is defined when the School Aid Act is amended. For the 2021 fiscal year, a modified weighting process was crafted in July 2020 under the “Return to Learn” plan agreed to by the Legislature and the governor. The methodology attempts to address the variety of education delivery methods under the extended COVID-19 learning plans used by districts as fall instruction begins. The process provides for seat time waivers, waives the days and hours of instruction minimums, and changes the weighting of the pupil counts. The new method is a 75 percent/25 percent “super blending.” Step one under this method requires a district to complete its calendar year spring and fall counts for 2019 and 2020. The weighting of those counts continues to be at 90 percent fall and 10 percent spring. Then each of those counts is blended, with the 2019 calendar year count blend weighted at 75 percent and the 2020 count blend weighted at 25 percent. The net result of this is that districts experiencing a student count decline will see slower revenue reductions. Districts with a growing student count would see a slower revenue rise.
- **Increasing Enrollment Districts:** The budget includes an additional \$66 million of funding that will be used to help mitigate impacts to growing districts negatively impacted by the “super blend” calculation. Payments to the impacted districts will be calculated using the difference between the new calculation and a non-pandemic-year blended count multiplied by current foundation allowance and capped at the target foundation level. Depending on the number of districts impacted by the “super blend,” the total funding allocation may be required to be prorated.
- **Teacher Retention Stipend:** The budget also appropriated \$5 million for fiscal year 2021 to provide matching funds to districts to retain new teachers. The program would provide \$1,000 in state funds to match \$500 in district funds for new teachers completing a full year of teaching in districts with at least 70 percent of pupils being economically disadvantaged. For districts with a lower percentage of economically disadvantaged pupils, the state payment would decline to \$500. This stipend should not be confused with the \$500 hazard pay for teachers, which is expected to be funded by the Coronavirus Relief Fund and has yet to be finalized.
- **MPSERS Cost for 2020-2021:** The basic structure, including cost support provided by the School Aid Fund, will continue. For 2021, the overall contribution rate is expected to increase to 42 percent from 39 percent, with the net cost to the School District approximating 28 percent. While the net cost to the School District changes marginally, the overall contribution rate increases significantly from 2020. The School Aid Fund implication is that more resources are redirected from the funding of operations to the support of the retirement system funding requirement.

Looking Forward to 2022 and Beyond

Given the uncertain funding environment, looking past 2021 is difficult. The August 2020 Revenue Estimating Conference provided a look into 2022. While 2021 projected a surplus to carry over to 2022, the estimates suggest 2022 would be essentially breakeven, and the projections do not build in any specific foundation allowance increases. Factors that will impact projections include the following:

- The extent of economic “bounce back or backwards” that will be experienced by the State
- The impact of any future federal stimulus provided, as the projections do not include any stimulus other than what is already in place
- The ability to return to in-class instruction

- Student enrollment
- Health of the State's General Fund
- Cost trends for the retirement system and extent state support is used from the School Aid Fund

The next Revenue Estimating Conference will occur in January 2021. Districts will need to carefully monitor those results and compare projections to the August 2020 conference results. That information will allow districts to better project the extent of recovery and implications for school funding.

New Federal Funding Considerations - 2020 and 2021

Districts are experiencing a significant flow of new federal grant funding, the likes of which have not been seen since the Great Recession. These federal grants have compliance strings attached and require additional time and attention by school districts to evaluate and ensure proper use.

The Families First Coronavirus Response Act and the Coronavirus Aid, Relief, and Economic Security Act appropriated billions of dollars in supplemental and new education grant programs. In addition, these acts, and numerous waivers issued by federal agencies, have provided flexibilities for states, intermediate school districts, and local education authorities responsible for administering and monitoring new and previously existing federal grant programs.

Specific guidance related to the funding awarded to the School District under these acts has been released sporadically, oftentimes after the award was announced or funding disbursed; in some cases, guidance is still developing. The following is a summary of the more significant federal grants that have already been awarded to the School District or those to which the School District may consider applying:

- *Child Nutrition Meal Reimbursement: Unanticipated School Closures Program* - Due to the national emergency and mandatory closure of all Michigan K-12 schools, the School District participated in the Unanticipated School Closure Summer Food School Program (SFSP) during March, April, May, and June 2020. Nationwide and state-specific waivers granted by the U.S. Department of Agriculture (USDA) allowed all sponsors that participate in the National School Lunch Program (NSLP), School Breakfast Program (SBP), and SFSP to serve noncongregate meals to any child or teen age 18 years or younger residing in the community. The meals served through this program were provided free of charge, and reimbursement to the School District was funded through the CARES Act. Meal reimbursement claims by the School District under the Unanticipated School Closures grant during the year ended June 30, 2020 totaled \$234,677.

On August 31, 2020, the USDA announced that it is extending a suite of nationwide waivers for the Summer Food Service Program and Seamless Summer Option (SSO) through the end of 2020 or until available funding is depleted. The extended waivers allow for congregate or noncongregate meals to be served in all areas at no cost and for parents or guardians to pick up meals for their children.

- *Coronavirus Relief Fund* - The CARES Act established the Coronavirus Relief Fund (CRF) and appropriated these funds to states and large governmental municipalities. The funds are designed to help districts cover the supplemental costs related to their response to COVID-19. In July and August 2020, the State of Michigan appropriated \$530 million of the State's federal CRF funds to local education agencies (LEAs), which has since been distributed via the state aid payment system. In addition, \$125 million of Michigan CRF funds is earmarked to provide support to eligible child care providers, including those operated by school districts.

Districts are required to use the funds in accordance with federal rules and regulations, subject to further interpretation by the State of Michigan. The CARES Act outlines three broad requirements that pertain to payments from the Coronavirus Relief Fund; the funds may be used only to cover expenses that:

1. Are necessary expenditures incurred due to the public health emergency with respect to coronavirus disease 2019 (COVID-19)
2. Were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the state or government
3. Were incurred during the period from March 1, 2020 through December 30, 2020

In early September 2020, the U.S. Treasury issued clarified guidance specific to school districts' use of CRF funds. This guidance broadly states that CRF payments may be used to cover costs associated with providing distanced or in-person learning and that, "as an administrative convenience, Treasury will presume expenses of up to \$500 per elementary and secondary school student to be eligible expenditures, such that schools do not need to document the specific use of funds up to that amount." While the Treasury guidance provides flexibility relative to the eligibility of costs that can be applied to CRF funds, there remains some uncertainty surrounding the nature and extent of documentation that school districts will be required to produce and retain to support how the funds were used. Therefore, we encourage the School District to remain cognizant of any updates to requirements relating to CRF funds as they are made available.

The School District's July and August 2020 state aid payments included a total of \$829,941. in CRF funds that must be recognized as revenue during fiscal year 2021 for eligible expenses incurred from March 1, 2020 through December 30, 2020.

- *Elementary and Secondary School Emergency Relief (ESSER) Fund* - The CARES Act also established a \$30.75 billion Education Stabilization Fund. Of the total \$389 million allocation to Michigan, the Michigan Department of Education (MDE) is required to apportion a minimum of 90 percent to LEAs based on the previous year's Title I formula. Although the State has no discretion in how this portion of the funding is to be allocated to eligible LEAs, school districts are still required to complete an application and budget by September 30, 2020 to be granted the award. ESSER grant funds can be applied toward a variety of allowable uses, including, but not limited to, coordination of efforts in response to coronavirus; provision of resources necessary to address the needs of individual schools, including learning materials and professional development; and other activities that are necessary to maintain the operation of and continuity of services in the school district and continue to employ existing staff.

A portion (9.5 percent) of the State ESSER Fund allocation is to be awarded competitively to school districts demonstrating the most need for remote learning connectivity and student mental health resources. Awards to individual school districts out of this reserve, known as ESSER Equity, are limited to 20 percent of the formula allocations. Applications are also due by September 30, 2020, and expenditures must have been incurred during the period from March 13, 2020 through September 30, 2021 to be eligible for reimbursement.

The School District's formula ESSER allocation is \$232,595.

- *Governor's Education Emergency Relief (GEER) Fund* - GEER funds will be awarded to school districts that are determined to be most significantly impacted by COVID-19. A total of \$60 million will be distributed to school districts based on the number of students in high-need student groups, including those that are economically disadvantaged, special education students, and English language learners. To be eligible for funding, a school district's concentration of economically disadvantaged pupils compared to total enrollment must exceed 50 percent. Applications for GEER funds are expected to be available on or around September 14, 2020, and districts will have until the end of 2020 to apply. GEER funds must be used to support connectivity and out-of-school learning time; address learning loss and student mental health; provide for remote learning materials and professional development; and other health, safety, and wellness needs identified, required, or recommended in the MI Safe Schools Return to School Roadmap.

In addition to the CARES Act funding described above, the School District may also have received or may be eligible to apply for the following grants designed to assist with responding to impacts of the pandemic:

- Child Care and Development Block Grant - CARES Act Supplemental Payments
- Head Start - CARES Act Supplemental Payments
- Federal Emergency Management Agency (FEMA) Grants
- Coronavirus Food Assistance Program (CFAP) Commodities
- Federal assistance from the intermediate school district

In order to maximize available funding and ensure compliance with federal rules and regulations, the School District should do the following:

- Obtain a clear understanding of program requirements, including allowable uses and time period in which eligible expenses must be incurred.
- Verify that procedures and internal controls are adequately in place to adhere to Uniform Guidance rules related to procurement, cash management, allowable costs, and subrecipient monitoring, as applicable.
- Ensure that policies and procedures have been created or amended in accordance with requirements set forth in OMB Memorandums M-20-17 (rescinded by and replaced with M-20-26 on June 18, 2020) and M-20-26 (expired September 30, 2020), which provided agencies the ability to extend administrative relief to federal grant recipients.
- Document all decisions made to determine eligibility of emergency-funded costs.
- Refer regularly to accounting guidance issued by the Michigan Department of Education to ensure that federal grant revenue is recorded correctly and expenditures are tracked using the proper grant codes.

The COVID-19 pandemic has created a continuously changing environment for recipients of federal funding, including the School District. As future legislation is developed, guidance is updated, and additional challenges and opportunities are uncovered, we are committed to assisting you in navigating the complexities.

Michigan Public Schools Employees' Retirement System (MPERS) - Update on the Plans' Net Pension/OPEB Liabilities

Similar to the State of Michigan, the MPERS plan has a September 30 year end. With the adoption of GASB Statement Nos. 68 and 75, districts have been reporting their share of the MPERS plan funded status in the government-wide financial statements of the district.

At September 30, 2019, the pension portion of the MPERS plan had a net pension liability of approximately \$33.8 billion. This is an increase from the reported amount of \$30.7 billion at September 30, 2018, an increase of approximately 10 percent. This increase meant that, for the year ended June 30, 2020, districts reported a higher net pension liability than they had in the previous year, despite the fact that districts continued to make their required contributions to the plan during fiscal year 2020. One of the primary reasons for the increase in the liability was the result of a recently completed five-year experience study. The study results had the impact of increasing computed liabilities and contribution requirements. Additionally, the discount rate was lowered by 0.25 basis points, which also had the impact of increasing the pension liability.

At September 20, 2019, the retiree health care portion (OPEB) of the MPERS plan had a net OPEB liability of approximately \$7.3 billion. This is a decrease from the reported amount of \$8.1 billion at September 30, 2018, a decrease of approximately 10 percent. The discount rate was lowered by 0.20 basis points, which had the unfavorable impact of increasing the liability. However, this was largely offset by the results of a favorable experience study adjustment related to a decrease in the projected per person health benefits costs.

Fund Balance

The financial turmoil encountered during the preparation for final amendments to the School District's budget at the end of the 2020 fiscal year highlighted the importance of maintaining adequate fund balance. The unknown economic impacts of the pandemic led to communications from the State projecting significant School Aid Fund shortfalls, requiring districts to plan for the worst. Although the ultimate proration for 2020 totaled \$175 per pupil, rather than original estimates of \$650 - \$700 per pupil cuts, districts with adequate fund balance were best positioned to absorb this very late funding adjustment.

During the 2019-2020 school year, the School District's General Fund expenditures equaled revenue, thus resulting in no change to the General Fund fund balance at June 30, 2020. Fund balance goals are often stated in terms of a percentage of total expenditures. As a point of reference, the statewide average for school districts at June 30, 2019 is approximately 14.20 percent of expenditures. Fund balance at the statewide average would approximately equal the School District's average operating costs for a 7 week period. The School District's fund balance percentage is 17.1 percent and equals approximately 9 weeks of operation.

Clearly, the School District will continue to face a difficult budgeting environment in 2020-2021 due to the unknowns surrounding the duration and impact of the pandemic on the State's economy and the School Aid Fund. School Districts will need to strategically utilize federal grant funding and consider the impacts of educational service delivery on pupil count. Fund balance management will be an essential element for district success moving forward in these uncertain times.

Significant Changes in the Future to the Financial Reporting Model for Schools

Under the current Governmental Accounting Standards Board (GASB) standards, school districts have been reporting using the current framework for approximately two decades. While the current financial statement presentation has worked, the GASB is looking to improve its effectiveness for all governments.

This project kicked off in August 2013. Recently, exposure drafts were issued in June 2020 titled “Financial Reporting Model Improvements” and “Recognition of Elements of Financial Statements.” The GASB’s goal is to have final standards issued by June 2022.

Once adopted by the GASB, these new standards will have a significant impact on the accounting and financial reporting for school districts. Currently, school districts account for activity in the funds using the modified accrual basis of accounting. The exposure drafts argue that, under the current model, there is no sufficient framework that ensures that governmental entities are consistently reporting similar types of transactions in their financial statements. They also argue that the time period looked at for certain transactions in fund accounting is too short and that the current method has too many piecemeal guidance points rather than a conceptual framework against which transactions can be applied in order to determine the correct accounting. Some of the proposed changes in the exposure drafts (which are significantly different compared to the current model) include the following:

- Requiring additional information in the management’s discussion and analysis (MD&A)
- In the budget-to-actual statements, requiring a column that would show the variances between the original and amended budget
- In the fund-based statements:
 - Significant terminology changes - “Revenue” will be referred to as “inflows of resources” and “expenditures” as “outflows of resources.” In addition, many of the statements will be renamed, and some of the fund-type definitions will be changed.
 - “Modified accrual” accounting would change to “short-term financial resources measurement focus.” Generally, transactions would be accounted for in the governmental funds if they are expected to be converted to cash or paid in cash within 12 months of the school district’s year end. A typical example would be revenue recognition. Under today’s rules, if a receivable is not collected within 60 days of the school district’s year end, then the related revenue, generally, must be deferred until the following year. Under the proposed changes, the revenue can be recognized in the current period as long as it will be collected within one year of the current period end. In this example, revenue in the funds may be recognized sooner in the proposed new model as compared to the current model. This change will impact the timing of when revenue and expenditures are recorded in the governmental funds; in addition, the actual financial statements themselves will actually look quite different from a presentation perspective. This is a significant change.

The exposure draft allows for a phased adoption. Districts with total annual revenue (across all funds) over \$75 million will adopt in the year ending June 30, 2025. Those under \$75 million will adopt in the year ending June 30, 2026. We will continue to monitor progression very closely. When the new standards ultimately get issued, we will work with your business office to ensure smooth and efficient adoption.

Operations Review and Controls Assessment

Given the impact of the pandemic, including increased costs for technology, cleaning, transportation, and other operations, districts are facing significant pressure to do more with fewer resources. Staff sizes have been reduced in many districts, while demands for services, technology, and reporting requirements have increased. An operations review can be very helpful to the School District in identifying ways to optimize the resources it has. The School District may benefit from reviewing and redesigning processes to ensure that only value-added steps are included in the process. Process redesign involves mapping current processes (e.g., facilities work orders, purchasing, and payroll) and identifying potential improvements by leveraging technology systems and/or eliminating steps.

When making changes to operations and processes, it is important for the proper controls to be implemented or remain in place. We have performed numerous reviews for school districts regarding the staffing, functions, responsibilities, controls, and communication within the business office to provide suggestions for increased efficiency, operational effectiveness, and/or improved reporting and analysis capabilities. We would be happy to discuss our capabilities in this area and the value we can bring to the process.

IT Assessment and Planning

The success of the “Return to Learn” plan for many districts is predicated on reliable, robust, and secure technology, as well as an effective IT support function. The impact of the pandemic and remote working and learning on the IT support operations cannot be overstated. In a matter of weeks, many IT departments shifted from supporting teachers and staff to supporting teachers, staff, students, and parents, resulting in an incredible increase in support requirements. Regardless of how many students are now in a remote learning environment, the School District’s IT support requirements have changed.

This may be a good time to consider an IT assessment that reviews information technology from people, process, and technical perspectives. Areas of focus include governance, IT staff and organization, use of external service providers, service delivery, network and device management and monitoring, cybersecurity policies and procedures, and the technology itself. An IT assessment provides an objective evaluation of current operations with an actionable plan for improvements and enhancements. Many districts use the results of an IT assessment as their action plan for the next two to three years. We would be happy to discuss how we can help.

Brandon School District

**Report to the Board of Education
June 30, 2020**

To the Board of Education
Brandon School District

We have recently completed our audit of the basic financial statements Brandon School District (the "School District") as of and for the year ended June 30, 2020. In addition to our audit report, we are providing the following results of the audit, other recommendations, and informational items that impact the School District:

	<u>Page</u>
Results of the Audit	1-5
Other Recommendations	6-7
Informational Items	8-17

We are grateful for the opportunity to be of service to Brandon School District. We would also like to extend our thanks to Ms. Janice Meek and the entire business office for their assistance and preparedness during the audit. We recognize that preparing for the audit is carried out in addition to your staff's normal daily activities. Should you have any questions regarding the comments in this report, please do not hesitate to call.

Plante & Moran, PLLC

October 2, 2020

Results of the Audit

October 2, 2020

To the Board of Education
Brandon School District

We have audited the financial statements of Brandon School District (the "School District") as of and for the year ended June 30, 2020 and have issued our report thereon dated October 2, 2020. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated April 20, 2020, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of the School District. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Our audit of the School District's financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we are obligated to communicate certain matters that come to our attention related to our audit to those responsible for the governance of the School District, including compliance with certain provisions of laws, regulations, contracts, and grant agreements; certain instances of error or fraud; illegal acts applicable to government agencies; and significant deficiencies in internal control that we identify during our audit. Toward this end, we issued a separate letter dated October 2, 2020 regarding our consideration of the 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.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on July 14, 2020.

Significant Audit Findings

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 the School District are described in Note 2 to the financial statements.

As described in Note 2, the School District adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Accordingly, the accounting change has been retrospectively applied to July 1, 2019, as required by the standard.

We noted no transactions entered into by the School District during the year for which there is a lack of authoritative guidance or consensus.

We noted 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 the School District's share of the MPSERS net liabilities for the pension and other postemployment benefit (OPEB) plans recorded on the government-wide statements related to GASB Statements No. 68 and 75, respectively. The School District's estimates as of June 30, 2020 were \$42.8 million and \$8.9 million, respectively, for the pension and OPEB plans based on data received from the Office of Retirement Services. We evaluated the key factors and assumptions used to develop the accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The Board of Education has also decided to assign a portion of the fund balance for future capital improvements. Disclosure of this matter has been reported in the financial statements.

The disclosures in the financial statements 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.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as 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.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements, which are discussed in further detail of the schedule of findings and questioned costs in the single audit report.

Significant Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the School District, and business plans and strategies that may affect the risks of material misstatement, with management each year prior to our retention as the School District's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition of our retention.

As required by 2 CFR Part 200, we have also completed an audit of the federal programs administered by the School District. The results of that audit are provided to the Board of Education in our report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with 2 CFR Part 200 dated October 2, 2020.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 2, 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 School 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 Information in Documents Containing Audited Financial Statements

Our responsibility for other information in documents containing the School District's financial statements and report does not extend beyond the financial statements. We do not have an obligation to determine whether or not such other information is properly stated. However, we read the management's discussion and analysis and budgetary comparison schedule, and nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information or manner of its presentation appearing in the financial statements.

To the Board of Education
Brandon School District

October 2, 2020

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

Very truly yours,

Plante & Moran, PLLC

A handwritten signature in black ink that reads "Paul D. Bryant". The signature is written in a cursive style with a large initial "P" and "B".

Paul D. Bryant, CPA
Partner

Other Recommendations

We have completed our audit of the financial statements of Brandon School District (the “School District”) as of and for the year ended June 30, 2020. As a result of our audit, and in the spirit of improvement, we offer the following comments and best practice recommendations for the Board of Education’s review and consideration:

Food Service Fund

We noted that the fund balance of the Food Service Fund exceeds the U.S. Department of Education’s maximum allowance of three months’ worth of operating expenditures as the School District continues to implement capital improvement projects for the food service program according to the state-approved plan. The School District should use this opportunity to upgrade or replenish equipment utilized by the food service department in order to reduce the fund balance in that fund. We would like to remind the School District that School Food Authorities (SFAs) are required to obtain prior written approval of their awarding agency before incurring the cost of a capital expenditure. For purposes of obtaining prior approval, equipment is defined as any item of nonexpendable personal property with a useful life of one year or longer and an acquisition cost that equals or exceeds the federal per unit capitalization threshold of \$5,000 or a lower threshold set by the State or local level regulations. However, to help mitigate the burden of the approval process, a preapproved list of assets has been provided by the USDA, which does not require separate written approval. The School District should also have its spend down plan approved by MDE for FY 21.

Informational Items

State Aid Funding

2019-2020 State Aid, Foundation Allowance, and Proration

Background

Beginning of the 2020 School Year: School funding for 2019-2020 started out with little clarity; as the year progressed, the funding picture only increased in complexity and uncertainty. Due to conflicting priorities between the governor and the Legislature, school aid funding was not set on July 1, 2019, the start of the School District's fiscal year. This meant the School District was required to enact a budget with little to no guidance as to what the school aid funding picture would look like. It also meant the School District would need to revisit budget assumptions once the final state aid package was enacted. Once the funding was settled, the focus moved to what 2020-2021 would look like. The January 2020 Revenue Estimating Conference painted a positive picture for the School Aid Fund and the General Fund looking forward, and the governor started the budget process with the administration's budget recommendations.

State Budget Crisis: The normal budget development process was halted in March 2020 as the State began dealing with the implications of COVID-19. Schools moved to remote learning, meals were served for whole communities, federal financial resources were quickly infused into the economy, and "stay home, stay safe" was the theme as the entire state worked to see a way through the challenges of COVID-19. In May 2020, the regularly scheduled Revenue Estimating Conference addressed two key questions: What was the status of state revenue for the 2020 fiscal year, and what projections can be made looking forward to 2021 and 2022? The conclusions reached at the meeting were dire. It was estimated the 2020 School Aid Fund would end the year with an approximate \$1 billion deficit, roughly translated to a \$685/pupil shortfall, that would need to be absorbed with the 2020 school year all but over. In addition, the estimates suggested there would be no improvement until 2022. These conclusions caused many districts to adjust their final 2020 budgets to reflect a potential proration of as much as \$650 to \$700 per pupil.

Financial Picture Improves: In the months that followed the May Revenue Estimating Conference, and well after the 2020 school year had ended, the State concluded it could balance its school aid budget with a \$175 per pupil proration cut, significantly less than the expected \$650 - \$700 per pupil estimate. In addition, in August 2020, a special Revenue Estimating Conference was held with the same goals as the May conference. With better data, the conference concluded that it is possible the \$175 per pupil proration would not need to recur in 2021, and the School Aid Fund will end in a better position than anticipated. While those conclusions are hopeful, significant unknowns remain related to an economic rebound and how resources will be allocated to funding priorities within school aid. The data will be used to craft a school funding plan for 2021; once complete, districts will once again need to revisit their 2021 budgets to reflect the budget priorities and funding levels provided by the 2021 amendments to the School Aid Act.

2020 Funding Implications for the School District

2019-2020 Foundation: The target foundation allowance (formerly known as the basic foundation allowance) increased by \$120, from \$8,409 to \$8,529. Additionally, using the “2X formula,” the minimum foundation allowance increased by \$240 per pupil to \$8,111. The School District’s foundation, allowance was increased to \$8,111, representing an increase of 3 percent. When a proration is applied, it does not change the actual foundation allowance. Instead it is essentially “taken off the top” of the funds provided to each district. For practical purposes, after applying proration, which occurred subsequent to June 30, 2020, the net result was effectively an increase of \$65 per pupil funding.

MPSERS Cost Support: Overall retirement costs continue to increase. The estimated contribution rate for 2019-2020 ranged from 36.44 to 39.91 percent, with the rate, net of state funding support, paid directly by the employer ranging from 24.03 to 27.50 percent. The State’s funding support is provided in three separate sections of the State Aid Act: Sections 147a, 147c, and 147e. The School District received a total of \$147,946 in 147a1, \$228,064 in 147a2, \$1,366,372 in 147c1, and \$19,561 of 147e. In general terms, this means the total cost of the retirement system contributions in 2019-2020, representing approximately 39 percent of covered payroll, is recognized as an expenditure in the School District’s financial statements along with related revenue that was previously considered state support to the system. The net effect is that the School District is responsible for approximately a 27 percent contribution to the retirement system.

COVID-19 Waivers and Flexibilities: With the onset of COVID-19, many waivers were put in place and flexibilities made available to allow for the continued operation of schools. Examples include waivers for in-person attendance and days and hours requirements, since learning was now using a remote model, and approval and use of a Continuity of Learning Plan to qualify for continued state funding.

2021 Funding Implications for the School District

The August 2020 Revenue Estimating Conference reflected a better than expected revenue picture through September 30, 2020 and more stable financial footing for fiscal year 2021. Communications surrounding financial projections are highly cautionary, as the uncertainty of the economic impact of the pandemic duration continues to loom large. Careful monitoring of legislative, gubernatorial, and Michigan Department of Education actions will be essential for the School District to understand and plan for all revenue, identify requirements to receive and utilize federal revenue, and craft methodologies to allocate costs to ensure reimbursement. Several elements that impact school financial management are summarized below:

- **2020-2021 Foundation:** The School District’s foundation allowance remains at the fiscal 2019-2020 level, with the minimum set at \$8,111 per pupil, and the target set at \$8,529 per pupil. The \$175 per pupil proration received in fiscal 2020 will not continue into fiscal 2021. School districts will also receive a one-time payment estimated at \$65 per pupil for fiscal year 2021 based on a 50/50 blend (50 percent weight on fiscal year 2020 membership plus 50 percent weight on what would have been the traditional fiscal year 2021 membership). Special education funding remains consistent at fiscal year 2020 levels, with the additional 2 percent reimbursement rate continuing in fiscal year 2021.

- **Pupil Membership Blend for 2020-2021:** Typically, the pupil count methodology is defined when the School Aid Act is amended. For the 2021 fiscal year, a modified weighting process was crafted in July 2020 under the “Return to Learn” plan agreed to by the Legislature and the governor. The methodology attempts to address the variety of education delivery methods under the extended COVID-19 learning plans used by districts as fall instruction begins. The process provides for seat time waivers, waives the days and hours of instruction minimums, and changes the weighting of the pupil counts. The new method is a 75 percent/25 percent “super blending.” Step one under this method requires a district to complete its calendar year spring and fall counts for 2019 and 2020. The weighting of those counts continues to be at 90 percent fall and 10 percent spring. Then each of those counts is blended, with the 2019 calendar year count blend weighted at 75 percent and the 2020 count blend weighted at 25 percent. The net result of this is that districts experiencing a student count decline will see slower revenue reductions. Districts with a growing student count would see a slower revenue rise.
- **Increasing Enrollment Districts:** The budget includes an additional \$66 million of funding that will be used to help mitigate impacts to growing districts negatively impacted by the “super blend” calculation. Payments to the impacted districts will be calculated using the difference between the new calculation and a non-pandemic-year blended count multiplied by current foundation allowance and capped at the target foundation level. Depending on the number of districts impacted by the “super blend,” the total funding allocation may be required to be prorated.
- **Teacher Retention Stipend:** The budget also appropriated \$5 million for fiscal year 2021 to provide matching funds to districts to retain new teachers. The program would provide \$1,000 in state funds to match \$500 in district funds for new teachers completing a full year of teaching in districts with at least 70 percent of pupils being economically disadvantaged. For districts with a lower percentage of economically disadvantaged pupils, the state payment would decline to \$500. This stipend should not be confused with the \$500 hazard pay for teachers, which is expected to be funded by the Coronavirus Relief Fund and has yet to be finalized.
- **MPSERS Cost for 2020-2021:** The basic structure, including cost support provided by the School Aid Fund, will continue. For 2021, the overall contribution rate is expected to increase to 42 percent from 39 percent, with the net cost to the School District approximating 28 percent. While the net cost to the School District changes marginally, the overall contribution rate increases significantly from 2020. The School Aid Fund implication is that more resources are redirected from the funding of operations to the support of the retirement system funding requirement.

Looking Forward to 2022 and Beyond

Given the uncertain funding environment, looking past 2021 is difficult. The August 2020 Revenue Estimating Conference provided a look into 2022. While 2021 projected a surplus to carry over to 2022, the estimates suggest 2022 would be essentially breakeven, and the projections do not build in any specific foundation allowance increases. Factors that will impact projections include the following:

- The extent of economic “bounce back or backwards” that will be experienced by the State
- The impact of any future federal stimulus provided, as the projections do not include any stimulus other than what is already in place
- The ability to return to in-class instruction

- Student enrollment
- Health of the State's General Fund
- Cost trends for the retirement system and extent state support is used from the School Aid Fund

The next Revenue Estimating Conference will occur in January 2021. Districts will need to carefully monitor those results and compare projections to the August 2020 conference results. That information will allow districts to better project the extent of recovery and implications for school funding.

New Federal Funding Considerations - 2020 and 2021

Districts are experiencing a significant flow of new federal grant funding, the likes of which have not been seen since the Great Recession. These federal grants have compliance strings attached and require additional time and attention by school districts to evaluate and ensure proper use.

The Families First Coronavirus Response Act and the Coronavirus Aid, Relief, and Economic Security Act appropriated billions of dollars in supplemental and new education grant programs. In addition, these acts, and numerous waivers issued by federal agencies, have provided flexibilities for states, intermediate school districts, and local education authorities responsible for administering and monitoring new and previously existing federal grant programs.

Specific guidance related to the funding awarded to the School District under these acts has been released sporadically, oftentimes after the award was announced or funding disbursed; in some cases, guidance is still developing. The following is a summary of the more significant federal grants that have already been awarded to the School District or those to which the School District may consider applying:

- *Child Nutrition Meal Reimbursement: Unanticipated School Closures Program* - Due to the national emergency and mandatory closure of all Michigan K-12 schools, the School District participated in the Unanticipated School Closure Summer Food School Program (SFSP) during March, April, May, and June 2020. Nationwide and state-specific waivers granted by the U.S. Department of Agriculture (USDA) allowed all sponsors that participate in the National School Lunch Program (NSLP), School Breakfast Program (SBP), and SFSP to serve noncongregate meals to any child or teen age 18 years or younger residing in the community. The meals served through this program were provided free of charge, and reimbursement to the School District was funded through the CARES Act. Meal reimbursement claims by the School District under the Unanticipated School Closures grant during the year ended June 30, 2020 totaled \$234,677.

On August 31, 2020, the USDA announced that it is extending a suite of nationwide waivers for the Summer Food Service Program and Seamless Summer Option (SSO) through the end of 2020 or until available funding is depleted. The extended waivers allow for congregate or noncongregate meals to be served in all areas at no cost and for parents or guardians to pick up meals for their children.

- *Coronavirus Relief Fund* - The CARES Act established the Coronavirus Relief Fund (CRF) and appropriated these funds to states and large governmental municipalities. The funds are designed to help districts cover the supplemental costs related to their response to COVID-19. In July and August 2020, the State of Michigan appropriated \$530 million of the State's federal CRF funds to local education agencies (LEAs), which has since been distributed via the state aid payment system. In addition, \$125 million of Michigan CRF funds is earmarked to provide support to eligible child care providers, including those operated by school districts.

Districts are required to use the funds in accordance with federal rules and regulations, subject to further interpretation by the State of Michigan. The CARES Act outlines three broad requirements that pertain to payments from the Coronavirus Relief Fund; the funds may be used only to cover expenses that:

1. Are necessary expenditures incurred due to the public health emergency with respect to coronavirus disease 2019 (COVID-19)
2. Were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the state or government
3. Were incurred during the period from March 1, 2020 through December 30, 2020

In early September 2020, the U.S. Treasury issued clarified guidance specific to school districts' use of CRF funds. This guidance broadly states that CRF payments may be used to cover costs associated with providing distanced or in-person learning and that, "as an administrative convenience, Treasury will presume expenses of up to \$500 per elementary and secondary school student to be eligible expenditures, such that schools do not need to document the specific use of funds up to that amount." While the Treasury guidance provides flexibility relative to the eligibility of costs that can be applied to CRF funds, there remains some uncertainty surrounding the nature and extent of documentation that school districts will be required to produce and retain to support how the funds were used. Therefore, we encourage the School District to remain cognizant of any updates to requirements relating to CRF funds as they are made available.

The School District's July and August 2020 state aid payments included a total of \$829,941. in CRF funds that must be recognized as revenue during fiscal year 2021 for eligible expenses incurred from March 1, 2020 through December 30, 2020.

- *Elementary and Secondary School Emergency Relief (ESSER) Fund* - The CARES Act also established a \$30.75 billion Education Stabilization Fund. Of the total \$389 million allocation to Michigan, the Michigan Department of Education (MDE) is required to apportion a minimum of 90 percent to LEAs based on the previous year's Title I formula. Although the State has no discretion in how this portion of the funding is to be allocated to eligible LEAs, school districts are still required to complete an application and budget by September 30, 2020 to be granted the award. ESSER grant funds can be applied toward a variety of allowable uses, including, but not limited to, coordination of efforts in response to coronavirus; provision of resources necessary to address the needs of individual schools, including learning materials and professional development; and other activities that are necessary to maintain the operation of and continuity of services in the school district and continue to employ existing staff.

A portion (9.5 percent) of the State ESSER Fund allocation is to be awarded competitively to school districts demonstrating the most need for remote learning connectivity and student mental health resources. Awards to individual school districts out of this reserve, known as ESSER Equity, are limited to 20 percent of the formula allocations. Applications are also due by September 30, 2020, and expenditures must have been incurred during the period from March 13, 2020 through September 30, 2021 to be eligible for reimbursement.

The School District's formula ESSER allocation is \$232,595.

- *Governor's Education Emergency Relief (GEER) Fund* - GEER funds will be awarded to school districts that are determined to be most significantly impacted by COVID-19. A total of \$60 million will be distributed to school districts based on the number of students in high-need student groups, including those that are economically disadvantaged, special education students, and English language learners. To be eligible for funding, a school district's concentration of economically disadvantaged pupils compared to total enrollment must exceed 50 percent. Applications for GEER funds are expected to be available on or around September 14, 2020, and districts will have until the end of 2020 to apply. GEER funds must be used to support connectivity and out-of-school learning time; address learning loss and student mental health; provide for remote learning materials and professional development; and other health, safety, and wellness needs identified, required, or recommended in the MI Safe Schools Return to School Roadmap.

In addition to the CARES Act funding described above, the School District may also have received or may be eligible to apply for the following grants designed to assist with responding to impacts of the pandemic:

- Child Care and Development Block Grant - CARES Act Supplemental Payments
- Head Start - CARES Act Supplemental Payments
- Federal Emergency Management Agency (FEMA) Grants
- Coronavirus Food Assistance Program (CFAP) Commodities
- Federal assistance from the intermediate school district

In order to maximize available funding and ensure compliance with federal rules and regulations, the School District should do the following:

- Obtain a clear understanding of program requirements, including allowable uses and time period in which eligible expenses must be incurred.
- Verify that procedures and internal controls are adequately in place to adhere to Uniform Guidance rules related to procurement, cash management, allowable costs, and subrecipient monitoring, as applicable.
- Ensure that policies and procedures have been created or amended in accordance with requirements set forth in OMB Memorandums M-20-17 (rescinded by and replaced with M-20-26 on June 18, 2020) and M-20-26 (expired September 30, 2020), which provided agencies the ability to extend administrative relief to federal grant recipients.
- Document all decisions made to determine eligibility of emergency-funded costs.
- Refer regularly to accounting guidance issued by the Michigan Department of Education to ensure that federal grant revenue is recorded correctly and expenditures are tracked using the proper grant codes.

The COVID-19 pandemic has created a continuously changing environment for recipients of federal funding, including the School District. As future legislation is developed, guidance is updated, and additional challenges and opportunities are uncovered, we are committed to assisting you in navigating the complexities.

Michigan Public Schools Employees' Retirement System (MPERS) - Update on the Plans' Net Pension/OPEB Liabilities

Similar to the State of Michigan, the MPERS plan has a September 30 year end. With the adoption of GASB Statement Nos. 68 and 75, districts have been reporting their share of the MPERS plan funded status in the government-wide financial statements of the district.

At September 30, 2019, the pension portion of the MPERS plan had a net pension liability of approximately \$33.8 billion. This is an increase from the reported amount of \$30.7 billion at September 30, 2018, an increase of approximately 10 percent. This increase meant that, for the year ended June 30, 2020, districts reported a higher net pension liability than they had in the previous year, despite the fact that districts continued to make their required contributions to the plan during fiscal year 2020. One of the primary reasons for the increase in the liability was the result of a recently completed five-year experience study. The study results had the impact of increasing computed liabilities and contribution requirements. Additionally, the discount rate was lowered by 0.25 basis points, which also had the impact of increasing the pension liability.

At September 20, 2019, the retiree health care portion (OPEB) of the MPERS plan had a net OPEB liability of approximately \$7.3 billion. This is a decrease from the reported amount of \$8.1 billion at September 30, 2018, a decrease of approximately 10 percent. The discount rate was lowered by 0.20 basis points, which had the unfavorable impact of increasing the liability. However, this was largely offset by the results of a favorable experience study adjustment related to a decrease in the projected per person health benefits costs.

Fund Balance

The financial turmoil encountered during the preparation for final amendments to the School District's budget at the end of the 2020 fiscal year highlighted the importance of maintaining adequate fund balance. The unknown economic impacts of the pandemic led to communications from the State projecting significant School Aid Fund shortfalls, requiring districts to plan for the worst. Although the ultimate proration for 2020 totaled \$175 per pupil, rather than original estimates of \$650 - \$700 per pupil cuts, districts with adequate fund balance were best positioned to absorb this very late funding adjustment.

During the 2019-2020 school year, the School District's General Fund expenditures equaled revenue, thus resulting in no change to the General Fund fund balance at June 30, 2020. Fund balance goals are often stated in terms of a percentage of total expenditures. As a point of reference, the statewide average for school districts at June 30, 2019 is approximately 14.20 percent of expenditures. Fund balance at the statewide average would approximately equal the School District's average operating costs for a 7 week period. The School District's fund balance percentage is 17.1 percent and equals approximately 9 weeks of operation.

Clearly, the School District will continue to face a difficult budgeting environment in 2020-2021 due to the unknowns surrounding the duration and impact of the pandemic on the State's economy and the School Aid Fund. School Districts will need to strategically utilize federal grant funding and consider the impacts of educational service delivery on pupil count. Fund balance management will be an essential element for district success moving forward in these uncertain times.

Significant Changes in the Future to the Financial Reporting Model for Schools

Under the current Governmental Accounting Standards Board (GASB) standards, school districts have been reporting using the current framework for approximately two decades. While the current financial statement presentation has worked, the GASB is looking to improve its effectiveness for all governments.

This project kicked off in August 2013. Recently, exposure drafts were issued in June 2020 titled “Financial Reporting Model Improvements” and “Recognition of Elements of Financial Statements.” The GASB’s goal is to have final standards issued by June 2022.

Once adopted by the GASB, these new standards will have a significant impact on the accounting and financial reporting for school districts. Currently, school districts account for activity in the funds using the modified accrual basis of accounting. The exposure drafts argue that, under the current model, there is no sufficient framework that ensures that governmental entities are consistently reporting similar types of transactions in their financial statements. They also argue that the time period looked at for certain transactions in fund accounting is too short and that the current method has too many piecemeal guidance points rather than a conceptual framework against which transactions can be applied in order to determine the correct accounting. Some of the proposed changes in the exposure drafts (which are significantly different compared to the current model) include the following:

- Requiring additional information in the management’s discussion and analysis (MD&A)
- In the budget-to-actual statements, requiring a column that would show the variances between the original and amended budget
- In the fund-based statements:
 - Significant terminology changes - “Revenue” will be referred to as “inflows of resources” and “expenditures” as “outflows of resources.” In addition, many of the statements will be renamed, and some of the fund-type definitions will be changed.
 - “Modified accrual” accounting would change to “short-term financial resources measurement focus.” Generally, transactions would be accounted for in the governmental funds if they are expected to be converted to cash or paid in cash within 12 months of the school district’s year end. A typical example would be revenue recognition. Under today’s rules, if a receivable is not collected within 60 days of the school district’s year end, then the related revenue, generally, must be deferred until the following year. Under the proposed changes, the revenue can be recognized in the current period as long as it will be collected within one year of the current period end. In this example, revenue in the funds may be recognized sooner in the proposed new model as compared to the current model. This change will impact the timing of when revenue and expenditures are recorded in the governmental funds; in addition, the actual financial statements themselves will actually look quite different from a presentation perspective. This is a significant change.

The exposure draft allows for a phased adoption. Districts with total annual revenue (across all funds) over \$75 million will adopt in the year ending June 30, 2025. Those under \$75 million will adopt in the year ending June 30, 2026. We will continue to monitor progression very closely. When the new standards ultimately get issued, we will work with your business office to ensure smooth and efficient adoption.

Operations Review and Controls Assessment

Given the impact of the pandemic, including increased costs for technology, cleaning, transportation, and other operations, districts are facing significant pressure to do more with fewer resources. Staff sizes have been reduced in many districts, while demands for services, technology, and reporting requirements have increased. An operations review can be very helpful to the School District in identifying ways to optimize the resources it has. The School District may benefit from reviewing and redesigning processes to ensure that only value-added steps are included in the process. Process redesign involves mapping current processes (e.g., facilities work orders, purchasing, and payroll) and identifying potential improvements by leveraging technology systems and/or eliminating steps.

When making changes to operations and processes, it is important for the proper controls to be implemented or remain in place. We have performed numerous reviews for school districts regarding the staffing, functions, responsibilities, controls, and communication within the business office to provide suggestions for increased efficiency, operational effectiveness, and/or improved reporting and analysis capabilities. We would be happy to discuss our capabilities in this area and the value we can bring to the process.

IT Assessment and Planning

The success of the “Return to Learn” plan for many districts is predicated on reliable, robust, and secure technology, as well as an effective IT support function. The impact of the pandemic and remote working and learning on the IT support operations cannot be overstated. In a matter of weeks, many IT departments shifted from supporting teachers and staff to supporting teachers, staff, students, and parents, resulting in an incredible increase in support requirements. Regardless of how many students are now in a remote learning environment, the School District’s IT support requirements have changed.

This may be a good time to consider an IT assessment that reviews information technology from people, process, and technical perspectives. Areas of focus include governance, IT staff and organization, use of external service providers, service delivery, network and device management and monitoring, cybersecurity policies and procedures, and the technology itself. An IT assessment provides an objective evaluation of current operations with an actionable plan for improvements and enhancements. Many districts use the results of an IT assessment as their action plan for the next two to three years. We would be happy to discuss how we can help.

REQUEST FOR PROPOSALS
FOR
SUPERINTENDENT SEARCH CONSULTING SERVICES

BRANDON SCHOOL DISTRICT
Ortonville, Michigan

October 21, 2020

I. INTRODUCTION

The Board of Education of the Brandon School District (the “Board”) is the elected governing body of the Brandon School District (the “District”). The Board and the District intend to retain the services of a firm to assist the Board to recruit and hire a new Superintendent of Schools.

The District is a mid-size K-12 general powers school district nestled in Northwest Oakland County, Michigan. The District has approximately 2,500 students comprised of 1,150 students from preschool through 5th grade between the two elementary schools, approximately 550 students at the middle school level and approximately 800 at the high school. The District is also home to the Brandon Learn from Home program. This small, tight knit community has a strong connection to its schools and is passionate about the education of its youth. Brandon High School sends 80-85% of its graduates to post-secondary schools each year, it was ranked in the 82nd percentile of all schools in the State on the most recent top-to-bottom rankings and it was awarded as a Silver Medal Winner by the US News. The District’s foundation allowance for the 2019-2020 school year was \$8,111 per student.

Interested firms may obtain additional information about the District by visiting its web site, www.brandonschooldistrict.org.

II. INTERPRETATION & QUESTIONS

Questions concerning this RFP **must be submitted in writing via email** to the Board’s President, Diane Salter by **no later than 5:00 pm EST on November 2, 2020**. All such questions and/or requests for clarification must be directed to the Board President at the following email address: dsalter@brandon.k12.mi.us (Subject Line: Superintendent Search Firm). No response will be made to any oral questions. Written questions and answers will be provided to those making inquiry and will also be posted to the District’s website. All oral communications will be deemed unofficial, not binding on the District, and may not be relied upon by any person or entity with respect to this RFP. Any attempt to directly or indirectly contact or influence the Board, any Board member or any other District employee, agent or representative may result in disqualification.

III. SCOPE OF WORK

The Board and the District expect the selected firm to perform, at a minimum, the following services in conjunction with the Board and/or a representative Board committee (“Committee”) designated by the Board:

1. Meet with the Board of Education and/or the Committee for pre-selection interviews;
2. After selection, consult with the Board, the Committee, and/or Board designates (including focus groups) concerning, among other things:
 - a. The credentials and qualifications for the new Superintendent of Schools; and,
 - b. The recruiting, selection process and related activities.
3. Conduct forums, as directed by the Board, the Committee and/or its designates, with District stakeholders (e.g., District residents and District teachers and administrators) concerning the selection criteria of the new Superintendent of Schools;
4. Conduct a comprehensive search for the best individual to serve as the District’s new Superintendent of Schools;
5. In consultation with the Board, the Committee, and/or its designates, utilize best efforts to present up to ten qualified candidates for interview by the Board;
6. Such other services as the selected firm may propose;
7. Such other services as may be requested by the Board, the Committee and/or its designates; and

8. Complete the Scope of Work in a timely fashion, according to the timeline set forth in this RFP.

IV. PROPOSALS

Interested firms must submit written proposals to the Board **no later than November 11, 2020 at 3:00 pm EST**. Proposals must be addressed to the Board of Education and hand-delivered or mailed to the District's Administrative Office, located at 1050 S. Ortonville Road, Ortonville, Michigan 48462. Proposals submitted via facsimile or e-mail will **NOT** be accepted. Proposals received after the time and date specified above will not be accepted or considered. The School District is not liable for any delivery or postal delays. Interested firms must submit the original signed proposal **PLUS** seven (7) copies of their proposal. The proposal must be signed by the firm's chief executive officer or similar governing authority. Proposals must include the following information:

1. **Letter of Transmittal and Title Page.** The transmittal letter must be written on firm's letterhead and signed by a person authorized to bind firm to the proposal. Firms must provide the following information: full name, legal status (i.e., sole proprietor, partnership, corporation, etc.), address, telephone and fax numbers and e-mail address, as well as the names of all owners or principals of the firm.
2. **Table of Contents.** Please include a table of contents to allow for ease of reference of the firm's proposal.
3. **Firm's Background.** Firms may provide whatever background information they believe the Board will find helpful. However, the following information must be included: (a) the length of time firm has been engaged in executive placement work; (b) whether executive placement is the firm's primary business; (c) whether the firm's business is local, statewide, regional, national or international; (d) if the firm has more than one office, the location of its main office and the office that will be providing services to the Board and the District; (e) the names, titles, experience and qualifications of the firm's directors, officers and owners; (f) the names, titles, addresses and telephone and fax numbers of the person(s) authorized to represent and bind the firm; (g) the names, titles, experience and qualifications of the person(s) who will perform services under this RFP; and, (h) the name, title, address and telephone and fax number of the firm's primary contact person who will interact with the Board and the District and the amount of time that person will devote to the search.
4. **Experience.** Firms may provide whatever background experience they believe the Board will find helpful. However, firms must provide the following information: (a) a description of all superintendent searches firm has performed, including the name and address of the district, the year in which the search was conducted and such demographic information as will permit the Board to determine whether identified districts are similar or dissimilar; (b) a description of the candidates presented to the district by occupation, position at time of search, race and gender; and, (c) the length of time the selected candidate served as the hiring district's superintendent.
5. **Work Plan.** Firms must delineate a work plan for all work to be performed. The work plan must describe the method by which firms will identify, recruit and evaluate candidates in response to the scope of work in this RFP. The work plan must also include a proposed timeline, including adequate time for a second round in the event no candidate is chosen in the first round. The work plan must also include a list of the principal individuals who will be responsible for carrying out the services by the firm.
6. **Cost.** Firms must state the estimated maximum charge for all services provided. The estimate must detail: (a) the estimated number of hours firm's personnel will expend, the

hourly rate for the person(s) providing services and the estimated total cost for firm's personnel time; (b) the estimated travel expenses; (c) estimated publishing and advertising expenses; and, (d) any other reasonably anticipated expenses. Interested firms are encouraged to propose fee structures that closely align the interested firms' interest in receiving full payment with the Board's interest in hiring the best qualified candidate.

7. **References.** Firms must provide the names, telephone numbers and addresses of at least three (3) similarly situated school districts for which they have conducted superintendent searches. Please provide the year in which such search was conducted.
8. **Additional Information.** Firms may provide any other additional relevant information.
9. **Contact Person.** Firms must provide the name, address, and telephone and fax numbers of the person to whom questions may be addressed about their proposal.
10. **Disclosure Information.** Firms must identify any current or former District employees who are employed by or have a financial interest in firm's business organization. Firms must also identify any relationship with any current Board member.

V. ACCEPTANCE OF PROPOSAL

The Board intends to interview and vote concerning proposals at its regular meeting presently scheduled in December, 2020. The Board of Education's action to accept a proposal will not bind the District to pay more than 50% of the selected firm's price or fee unless the Board takes action to hire a candidate proposed by the selected firm within the timelines specified in this RFP and the resulting contract. The Board reserves the right to accept or reject any or all proposals in whole or in part and to negotiate modifications to proposals. The Board further reserves the right to waive any irregularity or informality in the RFP process or any proposal, and the right to award the contract to other than the firm(s) submitting the best financial proposal (low bidder).

VI. RELEASE OF CLAIMS

Interested firms, by submitting proposals, agree to release the District and the Board from any and all claims arising out of, and related to, this RFP process and award of a contract to the selected firm.

VII. COST OF PROPOSALS

Interested firms, by submitting proposals, agree to bear all costs incurred or related to the submission of their proposals.

VIII. IRREVOCABILITY

Interested firms, by submitting proposals, agree their proposals will be irrevocable through January 31, 2021.

IX. TIMELINE

The Board intends to complete the process of recruiting and hiring a new Superintendent of Schools according to the following timeline, which the Board reserves the right to modify in its sole discretion:

Issuance of this RFP	October 21, 2020
Deadline to Submit Written Questions to RFP	5 p.m. – November 2, 2020
DUE DATE/TIME FOR PROPOSALS	3 p.m. – NOVEMBER 11, 2020
Board of Education Interviews of Firm(s)	November/December 2020
Board of Education Selection of Firm	December 2020
* * * * *	* * *

Selected Firm Submission of Candidates to Board of Education for Review and Consideration	Early March 2021
Board of Education Interviews of Candidates	April/May 2021
Board of Education Selection of New Superintendent	May 2021
New Superintendent Commences Employment	July 1, 2021

X. CONTRACT TERMS AND CONDITIONS

1. **Introduction.** Firms that submit a proposal agree to be bound by the terms and conditions contained in this RFP unless its proposal expressly states otherwise, identifies the clause(s) to which firm objects and suggests alternative language. The District may or may not accept such alternative language in its sole and absolute discretion.
2. **Firm’s Status and Work Product.** The firm selected shall be an independent contractor to the District, not an employee of the District. Thus, the selected firm, and its agents, employees and representatives, shall not be entitled to any benefits, fringe or otherwise, for which District employees are eligible. Written reports and other works prepared by the selected firm shall be considered work for hire and the District’s property. Such works shall not be stamped with the firm’s proprietary markings.
3. **Compliance with Laws and Indemnification.** The Firm shall comply with all applicable federal and Michigan laws. The firm shall indemnify, defend and hold the District and the Board harmless, for any violation of any federal or Michigan laws arising from or relating to its work under this RFP. The firm’s duty to indemnify, defend and hold harmless the District and the Board includes the duty to pay all actual attorney’s fees and costs the District incurs responding to or defending against any administrative claim or civil lawsuit arising from or relating to firm’s work under this RFP and all settlement, judgments or appeals arising therefrom or relating thereto.
4. **Assignment and Subcontracting.** The firm may not, without the District’s prior written consent, assign or subcontract any contract or obligation, or part thereof, arising from or relating to this RFP.
5. **Records.** The firm shall provide the District with complete and timely access to all of the firm’s work product and records pertaining to services provided under this RFP.
6. **Termination.** The District may, in its sole and exclusive discretion, terminate any contract with the Firm at any time, for any reason, by providing the firm with written notice of termination.
7. **Governing Law.** This RFP, and any contract arising from this RFP, shall be governed by the laws of the State of Michigan. The applicable law for any legal disputes arising out of this RFP or any contract shall be the law of (and all actions hereunder shall be brought in) the State of Michigan, and the venue for such disputes shall be the Oakland County Circuit Court.
8. **Form of Contract.** Any forms and contracts a firm proposes to include as part of any contract resulting from this RFP between the selected firm and the District must be submitted as part of its proposal. Any forms and contracts not submitted as part of the proposal and subsequently presented for inclusion may be rejected. While a firm may submit a suggested form of contract with its proposal, the award of the bid is subject to the negotiation of a contract to the reasonable satisfaction of a representative of the School District and/or the Board, incorporating the terms and conditions of this RFP, and subject to the review and approval by the School District’s legal counsel.

9. **Incorporation by Reference.** The School District will require that this Request For Proposal and the selected firms' proposal to be incorporated by reference into any subsequent contract between the selected firm and the District. It should be understood by the firm that this means that the District expects the selected firm to satisfy substantially all requirements listed herein. Exceptions should be explicitly noted in the firms' proposal. Lack of exceptions listed in the firms' proposal will be considered acceptance of all of the requirements and specifications presented in this RFP.

DRAFT

**District/PSA Template for the
Extended COVID-19 Learning Plan
as Described in [Public Act 149](#), Section 98a**

August 27, 2020

[September 3, 2020 Clarifications](#)

On August 20, 2020 Governor Whitmer signed House Bill 5913 into law as Public Act 149. Section 98a states that in order to receive state aid for 2020-2021, districts must provide for instruction under an extended COVID-19 Learning Plan (“Plan”) that has been approved by an intermediate district or authorizing body. The Plan does not replace the District’s/PSA’s COVID-19 Preparedness and Response Plan, it is an additional plan that includes new assurances and sections on educational goals, instructional delivery, grading, and equitable access. PA 149 does not apply to districts that operate as a cyber school.

District/PSA educational goals written for all students and all subgroups must be established no later than September 15, 2020 and submitted in their Plan to the ISD or Authorizing Body, as applicable, no later than October 1, 2020 for approval. ISDs and PSAs will transmit the approved plan to the state superintendent of public instruction and the state treasurer.

This is a Review Only document. Please download it as a Microsoft Word document to add your own District/PSA logo and Extended Covid-19 Learning Plan.

District/PSA Extended COVID-19 Learning Plans should be submitted to the ISD or Authorizing Body as a PDF file.



Brandon School District Extended COVID-19 Learning Plan

Address of School District/PSA: Brandon School District

District/PSA Code Number: 63180

District/PSA Website Address: Brandonschooldistrict.org

District/PSA Contact and Title: Matt Outlaw, Superintendent

District/PSA Contact Email Address: moutlaw@brandon.k12.mi.us

Name of Intermediate School District/PSA: Oakland Schools

Name of PSA Authorizing Body (if applicable):

Date of Approval by ISD/Authorizing Body:

Assurances

1. The District/PSA will make their ISD/Authorizing Body approved Extended COVID-19 Learning Plan accessible through the transparency reporting link located on the District's/PSA's website no later than October 1, 2020.
2. The District/PSA will create and make available on its transparency reporting link located on the District/PSA's website, a report concerning the progress made in meeting the educational goals contained in its Extended COVID-19 Learning Plan not later than February 1, 2021, for goals its expected would be achieved by the middle of the school year and not later than the last day of school of the 2020-2021 school year for goals the District/PSA expected would be achieved by the end of the school year.
3. Benchmark Assessments: The District/PSA will
 - select a benchmark assessment or benchmark assessments that is/are aligned to state standards.
 - administer the approved benchmark assessment, or local benchmark assessment, or any combination thereof, to all pupils in grades K to 8 to measure proficiency in reading and mathematics within the first nine weeks of the 2020-2021 school year and again not later than the last day of the of the 2020-2021 school year.
4. If delivering pupil instruction virtually, the District/PSA will
 - provide pupils with equitable access to technology and the internet necessary to participate in instruction, and
 - expose each pupil to the academic standards that apply for each pupil's grade level or courses in the same scope and sequence as the District/PSA had planned for that exposure to occur for in-person instruction.
5. The District/PSA, in consultation with a local health department will develop guidelines concerning appropriate methods for delivering pupil instruction for the 2020-2021 school year that are based on local data that are based on key metrics. Note: A determination concerning the method for delivering pupil instruction shall remain at the District/PSA Board's discretion. Key metrics that the District/PSA will consider shall include at least all of the following:
 - COVID-19 Cases or Positive COVID-19 tests
 - Hospitalizations due to COVID-19
 - Number of deaths resulting from COVID-19 over a 14-day period
 - COVID-19 cases for each day for each 1 million individuals
 - The percentage of positive COVID-19 tests over a 4-week period
 - Health capacity strength
 - Testing, tracing, and containment infrastructure with regard to COVID-19
6. If the District/PSA determines that it is safe to provide in-person instruction to pupils, the District/PSA will prioritize providing in-person instruction to pupils in grades K to 5 who are enrolled in the District/PSA.
7. The District/PSA assures that

- instruction will be delivered as described in this plan and re-confirmed by the District/PSA Board,
 - the description of instructional delivery in this plan matches the delivery of instruction to be delivered during the 2020-2021 school year,
 - the District/PSA will re-confirm how instruction will be delivered during the 2020-2021 school year thirty days after ISD approval of the plan, and every 30 days thereafter at a meeting of the Board, and
 - public comment will be solicited from the parents or legal guardians of the pupils enrolled in the District/PSA during a public meeting described in PA-149.
8. The District/PSA will ensure that students with disabilities will be provided with equitable access to instruction and accommodation in accordance with applicable state and federal laws, rules and regulations.
9. The District/PSA will ensure that two (2), 2-way interactions occur between a pupil enrolled in the District/PSA and the pupil's teacher or at least one (1) of the pupil's teachers during each week of the school year for at least 75% of the pupils enrolled in the District/PSA. The District/PSA will publicly announce its weekly interaction rates at each District/PSA Board meeting where it re-confirms how instruction is being delivered. The District/PSA will make those rates available through the transparency reporting link located on the District/PSA website each month for the 2020-2021 school year.

District Superintendent or President of the Board of Education/Directors

Date

Learning Plan Narrative

Opening Statement

- Please provide a statement indicating why an Extended COVID-19 Learning Plan is necessary to increase pupil engagement and achievement for the 2020-2021 school year.

As the Brandon School District adjusts to the ever-changing landscape of schools during the COVID-19 crisis, continuing to plan and review is imperative for our district. Brandon returned to in-person schooling, with an option of learn from home, for all students, preschool through Adult Transition, on day 1 and will continue to do so as long as it is safe for students and staff. In-person schooling is the most effective for engaging students and supporting student achievement.

Educational Goals

- **Please outline and describe** the educational goals expected to be achieved for the 2020-2021 school year. The District/PSA must establish all of its goals no later than September 15, 2020. Authorizing bodies expect PSA educational goals will be aligned to the educational goal within your charter contract.
- **Specify** which goals are expected to be achieved by the middle of the school year and which goals are expected to be achieved by the end of the school year.
- **Ensure** that all of the following apply to the educational goals described in this section: (a) The goals include increased pupil achievement or, if growth can be validly and reliably measured using a benchmark assessment or benchmark assessments, growth on a benchmark assessment in the aggregate and for all subgroups of pupils; (b) The District/PSA benchmark assessment(s) are aligned to state standards and will be administered to all pupils K-8 at least once within the first 9 weeks of the 2020-2021 school year and not later than the last day of the 2020-2021 school year to determine whether pupils are making meaningful progress toward mastery of these standards; and (c) the District's/PSA's educational goals are measurable through a benchmark assessment or benchmark assessments.
- To the extent practicable, the District/PSA will administer the same benchmark assessment or benchmark assessments that it administered to pupils in previous years.

Educational Goals:

- 1) All students (K-8) will improve performance in reading/ELA from Fall to Spring as measured by NWEA.
- 2) All students (K-8) will improve performance in Mathematics from Fall to Spring as measured by the NWEA.

Instructional Delivery & Exposure to Core Content

- **Please describe** how and where instruction will be delivered during the 2020-2021 school year. (e.g. instruction may be delivered at school or a different location, in-person, online, digitally, by other remote means, in a synchronous or asynchronous format, or any combination thereof).

Mode of Instruction

The Brandon School District provided both an in-person option and a learn from home option for families. Parents chose based on their personal preference in August.

- **Please describe** how instruction for core academic areas will expose each pupil to the academic standards that apply for each pupil's grade level or course in the same scope and sequence as the District/PSA had planned for that exposure to occur for in-person instruction.

Both Brandon in-person and learn from home programs will be following the traditional scope and sequence that Brandon students experience in a normal year. The following are focus areas:

Pathway to Success #1: Curriculum, Instruction and Assessment

1. **Goal #1 (Core Curriculum):** The Brandon School District will maintain a K-12 curriculum that is rigorous, relevant and aligned with State expectations.
 - a. **Strategy #1:** Develop a district curriculum council that will review, direct and plan for the maintenance of the district's K-12 curriculum in collaboration with district leadership.
 - i. Development of procedure and process manual for this committee
 - ii. Development of a subject-by-subject calendar for reviewing the district's curriculum by year.
 - b. **Strategy #2:** The Brandon School District will review its curriculum warehouse (Atlas) and determine what changes may be needed for increased accessibility and usability for staff.
2. **Goal #2 (Exploring Passion Areas):** The Brandon School District will ensure that all students will have the opportunity to explore their passion as part of the district's K-12 curriculum.
 - a. **Strategy #1:** The Brandon School District will develop processes and procedures for conducting an annual needs assessment as it relates to core and elective offerings.
 - b. **Strategy #2:** The Brandon School District will continue to seek opportunities to infuse career awareness and career preparation within its K-12 curriculum.
3. **Goal #3 (High Quality Instruction):** Brandon students will be challenged to do their best each day through engaging and relevant learning opportunities.
 - a. **Strategy #1 (Rigor):** Daily lessons will be filled with opportunities for productive struggle. Discussion and professional learning will be needed to best plan and measure the appropriate level of rigor for each student.
 - b. **Strategy #2 (Relevant):** Daily lessons will be presented in ways that connect to student interests and areas of passion.
 - i. Students will set instructional goals each year connecting learning with their future pathway. Students will also reflect on their goals throughout the year.
 - ii. When possible, learning targets will connect with career pathways.
 - c. **Strategy #3 (Individualized):** The Brandon School District will ensure that professional learning is relevant, meaningful for all staff and connected to district goals.
 - i. District staff will continue to expand the use of student data to tailor instruction to the individual needs of each student.
 - ii. On-going professional learning will be offered to staff in the area of differentiated instruction.

4. **Goal #4 (High Quality Professional Learning):** The Brandon School District will develop a process for annually reviewing professional learning, assessing the needs of staff and using this information to plan for future professional learning.
5. **Goal #5 (Effective Assessment System):** The Brandon School District will develop and maintain an assessment system that accurately reflects student learning.
 - a. Strategy #1: A K-12 system will be developed including which assessments will be administered, the goal and timing of the assessment, and what the district will do with the results. This should include an annual review for future planning.
 - b. Strategy #2: On-going professional learning will be offered connected to effective formative assessment, its purpose and how to connect the results with daily lesson planning.

- **Please describe** how pupil progress toward mastery of the standards described within this section will be graded or otherwise reported to the pupil and the pupil's parent or legal guardian.

Brandon's grading system remains unchanged from a traditional year. Students in grades 4-12 will use a letter grading system with the high school GPA being on a 4.0 scale. Preschool through 3rd grade receive standards-based and curriculum-based assessment.

Equitable Access

- If delivering pupil instruction virtually, please **describe** how the District/PSA will provide pupils with equitable access to technology and the internet necessary to participate in instruction.

Brandon has provided one device for each student in the district and hot spots for learn from home families with connectivity issues.

- **Please describe** how the District/PSA will ensure that students with disabilities will be provided with equitable access to instruction and accommodation in accordance with applicable state and federal laws, rules and regulations.

For in-person students, it will be the same as every year. For learn from home students, they remain on their special education teacher caseloads and will be meeting with staff for support regularly based on the IEP for students. Some learn from home students will be coming in-person to receive additional support.

- **Optional Considerations for District/PSA Extended COVID-19 Learning Plans:**

- 1. In addition to the students with disabilities noted above, please describe how the District/PSA will ensure that the needs of other vulnerable student populations, such as but not limited to, early English Learners and Fledgling/struggling students, are met.

2. Please describe how the District/PSA will ensure that students will, during pandemic learning, have continued access to programs such as, but not limited to, Early Childhood, CTE, Early-Middle College, Dual Enrollment and Advanced Placement as applicable within the District/PSA.

Brandon is providing traditional supports for in-person students in preschool through adult transition. We continue to support learn from home students as well. Mental health checks will also be in place for all students.