

## Carman-Ainsworth Community Schools

### Audited Financial Statements

June 30, 2020

*Prepared by Taylor & Morgan, P.C.*

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## INDEPENDENT AUDITORS' REPORT

November 23, 2020

Board of Education  
Carman-Ainsworth Community Schools

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Carman-Ainsworth Community Schools as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the 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.

### Auditors' 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 of 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Carman-Ainsworth Community Schools as of June 30, 2020 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Carman-Ainsworth Community Schools' basic financial statements. The introductory, combining individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2020 on our consideration of the Carman-Ainsworth Community Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Carman-Ainsworth Community Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Carman-Ainsworth Community Schools' internal control over financial reporting and compliance.

Sincerely,

***Taylor & Morgan, P.C.***

Taylor & Morgan, P.C.  
Certified Public Accountants

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Carman-Ainsworth Community Schools, Flint, Michigan  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020

Our discussion and analysis of Carman-Ainsworth Community Schools' financial performance, a GASB 34 requirement, provides an overview of the School District's financial activities for the fiscal year ended June 30, 2020.

This reporting model was adopted by the Governmental Accounting Standards Board (GASB) in *Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued in June 2000.

GASB 34 requires the reporting of two types of financial statements: fund financial statements and government-wide financial statements.

### **FUND FINANCIAL STATEMENTS**

The School District's fund financial statements provide detailed information about the School District's most significant funds, not the school district as a whole. The fund level statements are reported on a modified accrual basis of accounting. Only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's Accounting Manual. The District's major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in their relevant funds including Debt Funds, Capital Projects Fund and the Special Revenue Fund which is comprised of Food Service and Community Services.

In the fund financial statements, capital assets are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The payments of principal and interest on long-term debt are recorded as expenditures in the year paid. Future years' debt obligations are not recorded.

### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements are prepared using the full accrual basis of accounting. They report all of the District's assets and liabilities, both short-term and long-term, regardless of whether they are currently available or not. The two government-wide financial statements are the Statement of Net Position and the Statement of Activities.

The District's *net position* – the difference between assets and liabilities, as reported in the Statement of Net Position, is one way to measure the School District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position, as reported in the Statement of Activities, is one indicator of whether its *financial health* is improving or deteriorating. The relationship between revenues and expenses indicates the School District's *operating results*. However, the School District's goal is to provide services to its students, not to generate profits as commercial entities do. Many other non-financial factors, such as the quality of the education provided and the safety of the schools, must also be considered when assessing the *overall health* of the School District.

The School District's net position totaled \$(55,583,924) at June 30, 2020. Of this amount, \$7,274,027 was restricted. Restricted net position is reported separately to show legal constraints from debt covenants and legislation that limits the School District's ability to use this net position for day-to-day operations. The following is a summary of the District's net position at June 30, 2020, with comparative totals for June 30, 2019:



Carman-Ainsworth Community Schools, Flint, Michigan  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Assets	\$ 69,823,405	\$ 69,616,187
Deferred outflows of resources	29,315,659	29,136,755
Liabilities	140,075,239	136,808,032
Deferred inflows of resources	14,647,749	15,728,069
Net Position:		
Net Investment in capital assets	22,339,023	21,336,412
Restricted	7,274,027	7,364,069
Unrestricted	<u>(85,196,974)</u>	<u>(82,483,640)</u>
Total net position	\$ <u>(55,583,924)</u>	\$ <u>(53,783,159)</u>

The \$(85,196,974) in unrestricted net position of governmental activities represents District funds that have not been committed contractually or for debt obligations and are available for future use.

The major components of the change in net position are as follows:

➤ Depreciation expense

The provisions of GASB 34 require districts to maintain a record of annual depreciation expense and accumulated depreciation. The net increase in accumulated depreciation is a reduction in net assets. Depreciation expense is recorded using a straight-line method over the estimated useful lives of the assets. In accordance with generally accepted accounting principles, depreciation expense is recorded based on the original cost of the asset less an estimated salvage value. For the year ended June 30, 2020, the net increase in accumulated depreciation was \$1,257,922.

➤ Capital acquisitions

Capital outlay (net of disposals) for the year ended June 30, 2020 totaled \$110,533. Combined with current year depreciation and the effect of disposals, net capital assets decreased by \$1,147,389.

➤ Debt Repayment

The District levied property taxes for the specific purpose of retiring debt. The collection of these taxes and the resultant repayment of debt decreases the District's long-term principal obligations and. As a result, the net position of the District increases. The District repaid \$2,150,000 of long-term debt in the current year.

➤ GASB 68 adjustment

Adjustments were made to the government-wide statements including an (increase)/decrease in pension expense totaling \$4,885,458.

Carman-Ainsworth Community Schools, Flint, Michigan  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020

➤ GASB 75 adjustment

Adjustments were made to the government-wide statements including an (increase)/decrease in OPEB expense totaling \$(1,513,117).

The results of this year's operations for the School District as a whole are reported in the Statement of Activities. A summary of the Government-wide results of operations for the years ended June 30, 2020 and 2019 are as follows:

	June 30, <u>2020</u>	June 30, <u>2019</u>
General revenue		
Property taxes levied for general operation	\$ 6,522,898	\$ 6,370,384
State of Michigan aid, unrestricted	28,505,418	31,334,351
Property Taxes levied for debt service	2,622,605	3,138,041
Property Taxes levied for building & site	366,341	360,078
Investment earnings	59,770	97,159
Other – federal, state and local	<u>580,740</u>	<u>1,031,971</u>
Total general revenue	38,657,772	42,331,984
Program revenue		
Charges for services – local	1,095,566	789,733
Operating grants – federal and state	<u>13,945,788</u>	<u>14,591,614</u>
Total revenues	53,699,126	57,713,331
Expenses		
Instruction	35,170,375	33,593,343
Support services	16,442,798	16,956,512
Community services	356,396	386,184
Food services	2,223,818	2,588,758
Student Activities	418,684	-
Interest on long-term debt	593,400	850,187
Depreciation (unallocated)	<u>294,420</u>	<u>296,218</u>
Total expenses	<u>55,499,891</u>	<u>54,671,202</u>
Increase/(decrease) in net position	(1,800,765)	3,042,129
Net position – July 1	(53,783,159)	(57,114,946)
Restatement for implementation of GASB 84	<u>-</u>	<u>289,658</u>
Net position – June 30	<u><u>\$(55,583,924)</u></u>	<u><u>\$(53,783,159)</u></u>

The June 30, 2019 balance reflects the result of the implementation of Governmental Accounting Standards Board (GASB) Statement No. 84.

Carman-Ainsworth Community Schools, Flint, Michigan  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020

**MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS**

The School District's budgets are prepared according to Michigan law and are initially adopted prior to July 1 of each year, before student enrollment counts are known. Therefore, it is expected that there will be changes between the initial budget and subsequent budgets, as actual enrollments and resultant staffing requirements are known. Typically, all budgets are amended in late fall. If material changes occur in anticipated revenue or expenditures after the budget is amended in the fall, it is amended again in early spring. Currently, the most significant budgeted funds are the General Fund and the Capital Projects Fund. During the fiscal year ended June 30, 2020, the School District amended the budget of the General Fund two times.

***General Fund***

In the General Fund, the actual revenue and other financing sources totaled \$47.9 million. This is less than the original budget estimate of \$52.0 million, and less than the final amended budgeted amount of \$52.2 million, a variance of 8.1%. The variance between the actual revenues and the original and final revenue budgets is due primarily to lower than budgeted revenues in certain state and federal grants.

The actual expenditures and other financing uses of the General Fund were \$48.3 million. This is less than the original budget of \$52.8 million and less than the final estimates of \$54.0 million, a variance of 10.6%. The variance between the actual General Fund expenditures and the original and final expenditure budgets is due primarily to lower than budgeted benefit increases and lower than budgeted operational and transportation costs.

The fund balance was \$5.9 million at June 30, 2020, which is a decrease of \$.3 million from the previous year.

***Capital Projects Fund***

The Capital Projects Fund receives revenues from property taxes and building and site bond issues used for the purposes approved by the voters for each issue, as well as interest income from investment of bond proceeds.

Included in this fund are expenditures of the Building and Site Sinking Fund. This consists of funds generated by a 0.5 mill levy approved by the voters for this purpose. These funds may only be used for the purchase or improvement of buildings and grounds. It may not be used for day-to-day operations such as utility payments, salaries, or the purchase of consumable supplies. There were no projects funded for 2019-20, however the energy bond interest was paid from this fund.

The actual revenue and other financing sources in the Capital Projects Funds totaled \$377,513, which is more than the final budget of \$368,201.

The actual expenditures and other financing uses in the Capital Projects Fund totaled \$351,483, which was less than the final budget of \$536,561. The variance was due to project completion expected in 2019-20.

Carman-Ainsworth Community Schools, Flint, Michigan  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020

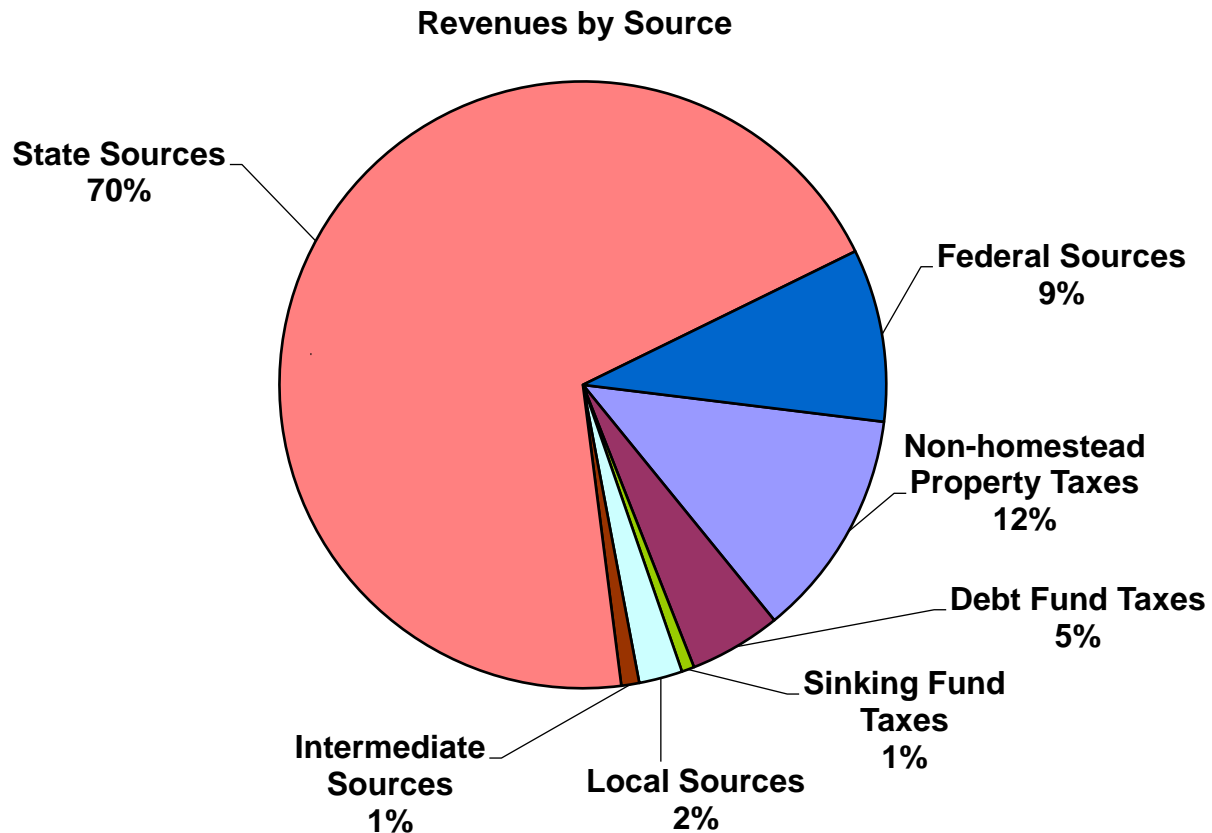
### GOVERNMENTAL FUND EXPENDITURES

The following chart illustrates that the General Fund comprises 89% of all the expenditures within the governmental funds of the School District. As of June 30, 2020, expenditures totaled \$54.4 million for all District programs. The ending fund balance for all funds was equal to \$13.58 million. The General Fund had a \$5.95 million fund balance as of June 30, 2020.

	Expenditures June 30, 2020 (in millions)	% of Total	Fund Balance June 30, 2020 (in millions)
General Fund	\$48.15	89%	\$5.95
Capital Projects Fund	.35	1%	4.93
Other Non-major Funds	<u>5.90</u>	<u>10%</u>	<u>2.70</u>
Total	<u>\$54.40</u>	<u>100%</u>	<u>\$13.58</u>

### TOTAL REVENUES

Revenues for all governmental funds totaled \$53.5 million. The following graph illustrates the District revenues by source as a percentage of total revenue:



Carman-Ainsworth Community Schools, Flint, Michigan  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020

### ***Unrestricted State Aid***

The District is primarily funded by Aid provided by State Aid. The per-pupil allowance was \$8,228 for 2019-20. State Aid membership was computed in the 2019-20 school year with a blended count of 10% of the February and 90% of the September counts.

Carman-Ainsworth Community Schools' enrollment for the 2019-20 school year was 4,557, a decrease of 126 students from the prior year.

### ***Property Taxes***

The District levies 17.8024 mills of property taxes on all non-homestead property and 5.8024 mills on all commercial personal property located within the District for General Fund operations. On May 7, 2013, the residents renewed the 18 mills for an additional ten years. The levy is assessed on the taxable value of the property. The increase in taxable value is limited to the lesser of the inflation rate of the prior year or 5%. When a property is sold, the taxable value of the sold property is readjusted to the State Equalized Value, which is approximately 50% of market value. Genesee County officials are estimating a 4.58 percent decrease in county taxable values for 2020. The 2019-20 Non-Homestead property tax levy totaled approximately \$6.5 million.

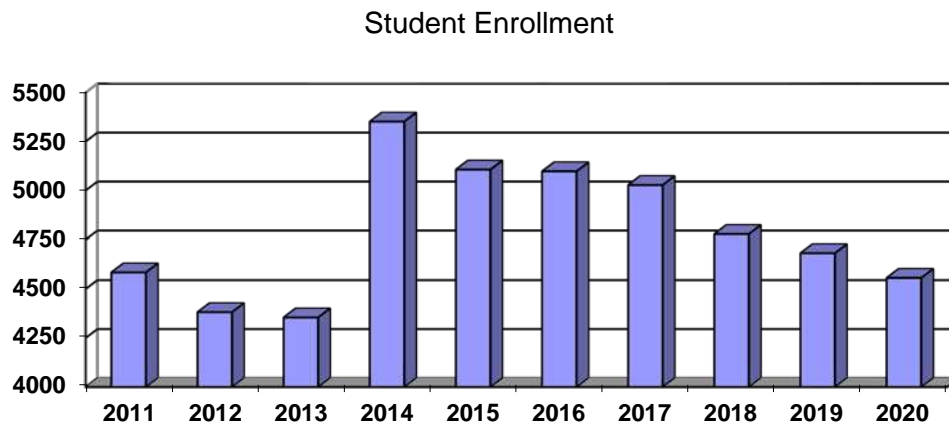
The District levies 3.50 mills of property taxes on all classes of property located within the district for bonded debt retirement. This levy is not subject to rollback provisions and is used to pay the principal and interest on bond obligations. The total amount levied for debt retirement in the current year was \$2.6 million.

The District also levies 0.5 mills of property taxes on all classes of property for a building and site sinking fund. On May 7, 2013, the residents renewed the .5 mill levy for an additional ten years until 2024. The total amount levied for the building and site sinking fund in the current year was \$.36 million.

### **ENROLLMENT**

One of the most important factors affecting the District's revenue is student enrollment. Enrollment is important to the financial health of the District because State funding is based on a per-pupil formula. For the fiscal year ended June 30, 2020, the gross per-pupil allowance or Foundation Allowance was \$8,228. The District participated in the State's Section 105 student choice program. The District's 2019-20 enrollment totaled 4,557 students. This is a decrease in enrollment of 126 students from the prior year.

Student enrollment over the last ten years can be illustrated as follows:



Carman-Ainsworth Community Schools, Flint, Michigan  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### ***Capital Assets***

At the end of fiscal year 2020, the School District had \$ 91.68 million invested in land and buildings, furniture and equipment, and vehicles and buses. Of this amount, \$44.10 million has been depreciated. Net book value totaled \$47.58 million. Total additions for the year were \$501,078 and were comprised mainly of various lighting projects, resurface of track, replacement of roof at Dye Elementary, new doors and locks at Rankin Elementary, two new maintenance trucks and various paving and drainage improvement at The Learning Community. The District's buildings range in years of construction from 1955 to 1967. Building additions and improvements have been made over the years to most buildings. The District is committed to the timely repairs and maintenance of its facilities. Computer purchases are under the District's capitalization threshold of \$5,000 but are recorded as capital assets according to District policy.

Capital Assets at Year End (Net of Depreciation) (in millions)	
	Governmental Activities
Land	\$ 1.54
Buildings and Additions	45.19
Furniture and Equipment	.22
Vehicles & Buses	.63
Total	\$ <u>47.58</u>

### ***Outstanding debt at year-end***

The District had the following outstanding debt at June 30, 2020:

2009 School Building and Site General Obligation Bonds	\$ 4,358,000
2011 Refunding Bond Issue	9,700,000
2012 Refunding Bond Issue	4,375,000
2016 Refunding Bond Issue	<u>6,805,000</u>
Total	\$ <u>25,238,000</u>

More detailed information regarding capital assets and debt administration can be obtained by reviewing the Notes to the Basic Financial Statements located in the financial section of this report.

## **CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

This report is designed to give an overview of the financial conditions of the Carman-Ainsworth Community Schools. Additional financial information can be obtained by contacting the Business Office, Carman-Ainsworth Community Schools, G-3475 W. Court St., Flint, MI 48532.

## **BASIC FINANCIAL STATEMENTS**

CARMAN-AINSWORTH COMMUNITY SCHOOLS  
STATEMENT OF NET POSITION  
JUNE 30, 2020

Assets		
Cash, cash equivalents and investments	\$	13,317,094
Due from other governmental units		8,786,092
Accounts receivable		66,055
Inventory		57,796
Prepaid costs		19,345
Capital assets		
Land		1,535,200
Buildings and improvements		78,992,311
Equipment and furniture		8,122,661
Buses and vehicles		3,031,310
Less: accumulated depreciation		<u>(44,104,459)</u>
Net capital assets		<u>47,577,023</u>
Total Assets		69,823,405
Deferred Outflows of Resources		
Deferred loss on bond refunding		118,370
Deferred OPEB amounts		5,458,111
Deferred pension amounts		<u>23,739,178</u>
Total Deferred Outflows of Resources		29,315,659
Liabilities		
Accounts payable		1,413,701
Salaries payable		3,365,385
Accrued expenses		821,863
Advances from grantors		1,009,884
Accrued interest on long-term debt		173,556
Long-term liabilities		
Due within 1 year		3,065,051
Due in more than 1 year:		
Net pension liability		88,145,283
Net OPEB liability		18,928,340
Other		<u>23,152,176</u>
Total Liabilities		140,075,239
Deferred Inflows of Resources		
Bond premium on bond refunding		71,318
Deferred OPEB amounts		8,147,739
Deferred pension amounts		<u>6,428,692</u>
Total Deferred Inflows of Resources		14,647,749
Net Position		
Invested in capital assets, net of related debt		22,339,023
Restricted for:		
Debt service		1,551,829
Capital projects		4,981,064
Food service		741,134
Unrestricted (deficit)		<u>(85,196,974)</u>
Total Net Position (Deficit)	\$	<u><u>(55,583,924)</u></u>

See accompanying notes to basic financial statements.



CARMAN-AINSWORTH COMMUNITY SCHOOLS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

		Program Revenues		Net (Expense)
		Charges for	Operating	Revenue and
	Expenses	Services	Grants and	Changes in
			Contributions	Net Position
Functions/Programs				
Governmental Activities				
Instruction	\$ 35,170,375	\$ -	\$ 7,985,348	\$ (27,185,027)
Support services	16,442,798	363,479	3,937,721	(12,141,598)
Food services	2,223,818	95,382	2,022,719	(105,717)
Community services	356,396	205,345	-	(151,051)
Student Activity	418,684	431,360	-	12,676
Interest on long-term debt net of amortization of debt issue discounts and other costs	593,400	-	-	(593,400)
Unallocated depreciation (See Note 4)	294,420	-	-	(294,420)
Total governmental activities	\$ 55,499,891	\$ 1,095,566	\$ 13,945,788	(40,458,537)
General Purpose Revenues				
Property tax				9,511,844
State school aid - unrestricted				28,505,418
Investment earnings				59,770
Miscellaneous				580,740
Total general revenue				38,657,772
Change in net position				(1,800,765)
Net position (deficit) - July 1 - restated				(53,783,159)
Net position (deficit) - June 30				\$ (55,583,924)

See accompanying notes to basic financial statements.

CARMAN-AINSWORTH COMMUNITY SCHOOLS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2020

	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash, cash equivalents and investments	\$ 5,148,424	\$ 4,934,012	\$ 3,234,658	\$ 13,317,094
Due from other governmental units	8,745,903	-	40,189	8,786,092
Accounts receivable	66,055	-	-	66,055
Due from other funds	307,272	-	38,400	345,672
Inventory	19,095	-	38,701	57,796
Prepaid costs	19,345	-	-	19,345
<b>Total Assets</b>	<b>\$ 14,306,094</b>	<b>\$ 4,934,012</b>	<b>\$ 3,351,948</b>	<b>\$ 22,592,054</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>				
<b>Liabilities</b>				
Accounts payable	\$ 1,371,210	\$ -	\$ 42,491	\$ 1,413,701
Due to other funds	38,400	-	307,272	345,672
Salaries and fringes payable	3,354,198	-	11,187	3,365,385
Accrued expenses	821,863	-	-	821,863
Advances from grantors	1,009,884	-	-	1,009,884
<b>Total Liabilities</b>	<b>6,595,555</b>	<b>-</b>	<b>360,950</b>	<b>6,956,505</b>
<b>Deferred Inflows of Resources</b>				
Unavailable Revenue	1,765,642	-	-	1,765,642
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>8,361,197</b>	<b>-</b>	<b>360,950</b>	<b>8,722,147</b>
<b>Fund Balance</b>				
Non-spendable	38,440	-	38,701	77,141
Restricted for:				
Capital projects	-	4,934,012	-	4,934,012
Debt service	-	-	1,725,385	1,725,385
Food service	-	-	702,433	702,433
Student activity	-	-	302,334	302,334
Assigned	1,825,018	-	222,145	2,047,163
Unassigned	4,081,439	-	-	4,081,439
<b>Total Fund Balance</b>	<b>5,944,897</b>	<b>4,934,012</b>	<b>2,990,998</b>	<b>13,869,907</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 14,306,094</b>	<b>\$ 4,934,012</b>	<b>\$ 3,351,948</b>	<b>\$ 22,592,054</b>

See accompanying notes to basic financial statements.

CARMAN-AINSWORTH COMMUNITY SCHOOLS  
 RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
 TO NET POSITION OF GOVERNMENTAL ACTIVITIES  
 JUNE 30, 2020

Total Governmental Fund Balances	\$ 13,869,907
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 therefore are not reported as assets in governmental funds.	
Cost of net assets	\$ 91,681,482
Accumulated depreciation	<u>(44,104,459)</u>
Total net assets	47,577,023
Grants and other receivables that are collected after year end, such that they are not available to pay bills outstanding as of year end, are not recognized in the funds.	1,765,642
Deferred outflows of resources resulting from debt refunding	118,370
Deferred outflows of resources resulting from GASB Statement No. 68	23,739,178
Deferred outflows of resources resulting from GASB Statement No. 75	5,458,111
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:	
Bonds payable	\$ (25,238,000)
Compensated absences payable	(979,227)
Net pension liability	(88,145,283)
Net OPEB liability	<u>(18,928,340)</u>
Total long-term liabilities	(133,290,850)
Deferred inflows of resources resulting from debt refunding	(71,318)
Deferred inflows of resources resulting from GASB Statement No. 68	(6,428,692)
Deferred inflows of resources resulting from GASB Statement No. 75	(8,147,739)
In the statement of net position, interest has been accrued on bonds payable in the current year.	<u>(173,556)</u>
Total net position - governmental activities	\$ <u><u>(55,583,924)</u></u>

See accompanying notes to basic financial statements.

CARMAN-AINSWORTH COMMUNITY SCHOOLS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 6,522,898	\$ 366,341	\$ 2,622,605	\$ 9,511,844
Other local sources	482,300	11,172	746,803	1,240,275
Intermediate sources	505,053	-	-	505,053
State sources	37,222,334	-	97,238	37,319,572
Federal sources	2,995,381	-	1,925,481	4,920,862
Total revenues	47,727,966	377,513	5,392,127	53,497,606
Current Expenditures				
Instruction				
Basic programs	25,160,493	-	-	25,160,493
Added needs	6,400,400	-	-	6,400,400
Total instruction	31,560,893	-	-	31,560,893
Support services				
Pupil services	3,279,882	-	-	3,279,882
Instructional staff services	2,276,820	-	-	2,276,820
General administration	738,587	-	-	738,587
School administration	2,686,712	-	-	2,686,712
Business services	378,286	-	-	378,286
Operation and maintenance	3,797,869	-	-	3,797,869
Pupil transportation	1,746,954	-	-	1,746,954
Central services	1,194,423	-	-	1,194,423
Athletics	409,022	-	-	409,022
Community services	81,176	-	-	81,176
Other supporting services	-	-	2,844,533	2,844,533
Total support services	16,589,731	-	2,844,533	19,434,264
Capital projects				
Capital outlay and other costs	-	294,829	16,130	310,959
Total capital outlay and other costs	-	294,829	16,130	310,959
Debt service				
Principal	-	-	2,150,000	2,150,000
Interest and fiscal charges	-	56,654	885,731	942,385
Total debt service	-	56,654	3,035,731	3,092,385
Total expenditures	48,150,624	351,483	5,896,394	54,398,501
Excess/(deficiency) of revenues over/(under) expenditures	(422,658)	26,030	(504,267)	(900,895)
Other financing sources/(uses)				
Transfers in	156,818	-	-	156,818
Transfers out	(57,653)	-	(99,165)	(156,818)
Miscellaneous	2,742	-	-	2,742
Total other financing sources/(uses)	101,907	-	(99,165)	2,742
Excess/(deficiency) of revenues over/(under) expenditures and other financing sources/(uses)	(320,751)	26,030	(603,432)	(898,153)
Fund balance - July 1 - restated	6,265,648	4,907,982	3,594,430	14,768,060
Fund balance - June 30	\$ 5,944,897	\$ 4,934,012	\$ 2,990,998	\$ 13,869,907

See accompanying notes to basic financial statements.

CARMAN-AINSWORTH COMMUNITY SCHOOLS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

Total net change in fund balances - governmental funds	\$	(898,153)
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Amounts reported for governmental activities in the statement of activities are different because:

Capital Outlay	\$	492,439	
Depreciation Expense		<u>(1,639,828)</u>	(1,147,389)

Revenue is reported in the statement of activities when earned; revenue is not reported in the funds until collected or collectible and available to pay current obligations.		1,305,227
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Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of repayments reported as expenditures in the governmental funds.		2,150,000
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Accumulated unpaid benefits are recorded as liabilities in the statement of net position, but are not recorded in the governmental funds statement. This is the (increase)/decrease in accumulated unpaid benefits for the current year.		(187,094)
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Pension expense in the government-wide statements has been adjusted to reflect the requirements of GASB 68. This is the amount of the adjustment to pension expense in the government-wide statements.		(4,885,458)
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OPEB expense in the government-wide statements has been adjusted to reflect the requirements of GASB 75. This is the amount of the adjustment to OPEB expense in the government-wide statements.		1,513,117
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Amortization of the deferred loss on the 2011 and 2012 refunding bond issues is recorded in the statement of activities over the life of the bonds. This is the amount of amortization of deferred loss for the current year.		(29,593)
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Amortization of the deferred premium on the 2011 and 2012 refunding bond issues is recorded in the statement of activities over the life of the bonds. This is the amount of amortization of deferred premium for the current year.		343,619
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Interest on long-term debt in the statement of activities includes accrued interest while the governmental funds statement does not. There was no (increase)/decrease in accrued interest for the current year.		<u>34,959</u>
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Change in net position of governmental activities	\$	<u>(1,800,765)</u>
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See accompanying notes to basic financial statements.

CARMAN-AINSWORTH COMMUNITY SCHOOLS  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2020

	<u>Trust Funds</u>
Assets	
Cash and cash equivalents	\$ <u>66,925</u>
Total assets	<u>66,925</u>
Liabilities	
Total liabilities	<u>-</u>
Assets held in trust for other purposes	\$ <u>66,925</u>

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Trust Funds</u>
Additions	
Gifts, contributions and interest	\$ -
Deductions	
Scholarships awarded	<u>-</u>
Change in Net Assets	-
Net Position - July 1	<u>66,925</u>
Net Position- June 30	\$ <u>66,925</u>

See accompanying notes to basic financial statements.

## **NOTES TO FINANCIAL STATEMENTS**

CARMAN-AINSWORTH COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**Note 1 - Summary of Significant Accounting Policies**

The accounting policies of Carman-Ainsworth Community Schools conform to generally accepted accounting principles as applicable to school districts. The following is a summary of the significant accounting policies:

**Reporting Entity**

The accompanying basic financial statements have been prepared in accordance with criteria established by the GASB for determining the various governmental organizations to be included in the reporting entity. These criteria include oversight responsibility, scope of public service, and special financing arrangements. Based on application of the criteria, the entity does not contain component units.

The District receives funding from local, state, federal and interdistrict government sources and must comply with the accompanying requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" body that has separate legal standing and is fiscally independent of the governmental entities. As such, the Board of Education has decision-making authority, the authority to levy taxes and determine its budget, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

**Basic Financial Statements – Government-wide Statements**

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). The government-wide financial statements categorize primary activities as either governmental or business type. All of the District's activities are classified as governmental activities. Fiduciary funds are not included in the government-wide financial statements.

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis and is reported on a full-accrual economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts: invested in capital assets net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions. General government revenues (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.) also support the functions. The Statement of Activities reduces gross expenses by related program revenues, operating grants and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary grants. The net costs by function are normally covered by general revenue (property taxes, state and federal sources, interest income, etc.).

The District allocates indirect costs to certain federal programs and the Cafeteria fund. The amounts allocated for the year ended June 30, 2020 and 2019 amounted to \$99,165 and \$164,077, respectively. Interfund transactions have been eliminated in the government-wide financial statements.

**Basic Financial Statements - Fund Financial Statements**

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the combined financial statements in this report, into five generic fund types in two broad fund categories as follows:



CARMAN-AINSWORTH COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**Note 1 - Summary of Significant Accounting Policies (continued)**

Basic Financial Statements - Fund Financial Statements (continued)

Governmental Funds

Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use, and balances of the District's expendable financial resources and the related current liabilities are accounted for through governmental funds.

General Fund - The General Fund is used to record the general operations of the District pertaining to education and those operations not provided for in other funds. Included are all transactions related to the approved current operating budget.

Special Revenue Funds - Special Revenue Funds are used to segregate the transactions of particular activities from regular revenue and expenditure accounts. The District maintains full control of these funds. The District maintains three school service funds as described below:

- School Lunch Fund - used to record the operations of the District's food service operations.
- Community Service Fund - used to record the operations of the District's enrichment and child care programs.
- Student Activity Fund – used to record the operations of the District's student activity accounts.

Debt Service Funds - The Debt Service Funds are used to record tax and interest revenue and the payment of general long-term debt principal, interest and related cost. The District maintains debt service funds for the 2011, 2012 and the 2016 refunding bonds.

Capital Projects Funds - The Capital Projects Funds are used to record bond proceeds or other revenue and the disbursement of monies specifically designed for acquiring new school sites, buildings, equipment, and for major remodeling and repairs. The fund is retained until the purpose for which the fund was created has been accomplished. The District maintains a Sinking Fund and a Building and Site Fund.

Fiduciary Funds - Fiduciary Funds are used to account for assets held by the School District in a trustee capacity or as an agent.

Expendable Trust Funds - Expendable trust funds are used to account for funds entrusted to the District, and the principal, or corpus, of the trust and the income produced are expendable.

Basis of Accounting/Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Accrual

Governmental activity in the government-wide financial statements is presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

CARMAN-AINSWORTH COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**Note 1 - Summary of Significant Accounting Policies (continued)**

**Basis of Accounting/Measurement Focus (continued)**

Modified Accrual

The governmental and fiduciary funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The available period for revenue recognition is 60 days. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt are recognized when due.

Those revenues susceptible to accrual are property taxes, state aid, interest revenue, grants and charges for services. Other revenue is recorded when received.

The District reports unavailable revenue on its governmental funds balance sheet when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. The District reports advances from grantors when the District receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability is removed from the combined balance sheet and revenue is recognized.

Cash and Investments

Cash and cash equivalents include amounts in demand deposits, sweep accounts, and certificate of deposits with original maturities less than 90 days. The District reports its investments in accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools and No. 40 Deposits and Investment Risk Disclosures. Under these standards, certain investments are valued at fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the District intends to hold the investment until maturity. Accordingly, investments in banker acceptances and commercial paper are recorded at amortized cost.

State statutes authorize the District to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury, certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation (FDIC) or National Credit Union Administration (NCUA), respectively; in commercial paper rated at the time of purchase within the three highest classifications established by no less than two standard rating services and which matures not more than 270 days after the date of purchase. The District is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptance of U.S. banks, and mutual funds composed of investments outlined above.

Inventories

Items purchased for future use are recorded as inventory and charged to expenditure accounts when requisitioned for use. Food Service Fund inventory consists of food and paper goods recorded at cost and commodity inventory recorded at fair market value as determined by the USDA. General Fund inventories consist of paper goods and other non-perishable type items for future use and are recorded at average cost.

CARMAN-AINSWORTH COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**Note 1 - Summary of Significant Accounting Policies (continued)**

Prepaid Costs

Prepaid costs consist primarily of advance payments to vendors for inventory and services. The purchase method is used to report these costs.

Capital Assets

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. The District has adopted a \$5,000 capitalization threshold for recording capital assets. Donated fixed assets are valued at their estimated fair market value on the date received.

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

Depreciation on all assets is computed on the straight-line basis over the estimated useful lives as follows:

Buildings and additions	20 – 50 years
Buses and other vehicles	5 – 10 years
Furniture and equipment	5 – 20 years

Deferred Outflows of Resources

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period.

Deferred Inflows of Resources

A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period.

Property Taxes - School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the District's boundaries. The District's entire tax base is within Genesee County.

The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due on or before September 15. Collections are forwarded to the District as collected by the assessing municipality. Real property taxes uncollected as of March 1 are purchased by Genesee County and remitted to the District by June 30.

Property taxes are recognized in the accounting period when they become measurable and available to finance operations. Available means when due or past due and receivable within the current period and collected no longer than 60 days after the current period.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

CARMAN-AINSWORTH COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**Note 1 - Summary of Significant Accounting Policies (continued)**

Concentrations

Substantially all employees of the District are covered under collective bargaining agreements. The following table details the terms of the District's employment contracts:

	<u>Expiration Date</u>
Association of School Administrators	June 30, 2020-Currently under negotiations
Education Association	June 30, 2020-Currently under negotiations
Transportation Association	June 30, 2020-Currently under negotiations
CMOPP Contract	June 30, 2020-Currently under negotiations
Food Service Employees	June 30, 2021

Compensated Absences – Unpaid sick days for teachers, administrators, secretaries, custodians and bus drivers are allowed to accumulate and be paid upon retirement. Administrators are paid at the rate of \$80 per day, teachers at \$60 per day, secretaries and custodians at \$35 per day for the first 75 days and \$50 for each additional day, bus drivers at \$35 per day and food service employees at \$25 per day. The total potential liability for these days at June 30, 2020 and 2019 was \$870,685 and \$744,932, respectively. All other district employees are allowed to accumulate a limited number of sick days; however, these days do not vest to the employee and are not payable upon termination. Certain school employees (executive secretaries and employees under the clerical or maintenance workers contracts) are allowed to accumulate vacation days on an earned basis. This amount is limited to the vacation days earned for the current year. Vacation pay earned (but not used) and payable at June 30, 2020 and 2019 amounted to \$108,542 and \$47,201, respectively.

Economic Dependency – The district receives approximately 73% of its operating revenue through the foundation allowance from the State of Michigan. This figure includes property taxes collected for operations.

Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension 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. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other than Pensions

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, 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. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Note 2 - Budget and Budgetary Accounting**

The State of Michigan adopted a Uniform Budgeting and Accounting Act (Act) applicable to all local governmental entities in the state. The law requires appropriation acts to be adopted for General and Special Revenue Funds and an informational study of Capital Project Funds of school districts prior to the expenditure of monies in a fiscal year.

CARMAN-AINSWORTH COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**Note 2 - Budget and Budgetary Accounting (continued)**

The Board of Education adopts appropriations utilizing the modified accrual basis of accounting for all governmental funds. The appropriation level adopted by the Board is the level of control authorized by the act. The Act requires expenditures to be budgeted on a functional basis. A district is not considered to be in violation of the Act if reasonable procedures are in use by the District to detect violations.

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

1. The District's superintendent submits to the Board of Education a proposed budget by July 1 of each year. The budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. The superintendent is authorized to transfer budgeted amounts between functions within any fund with the approval of the Budget and Finance Committee; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.
4. Budgets for the General, Debt Service, Capital Projects, and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles.
5. Budgeted amounts are as originally adopted, or as amended by the Board of Education throughout the year.
6. Appropriations lapse at year-end and, therefore, cancel all encumbrances. These appropriations are reestablished at the beginning of the following year.

A comparison of actual results of operations to the budgeted amounts (at the level of control adopted by the Board of Education) for the General Fund is presented as required supplementary information.

The final amended budget anticipated expenditures exceeding revenues by \$1,815,452. Actual expenditures exceeded revenues by \$320,751 a positive variance of 1,494,701.

**Note 3 - Deposits and Investments**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The District's policy provides that to the extent practicable, investments are matched with anticipated cash flows. Investments are diversified to minimize the risk of loss resulting from over-concentration of assets in a specific maturity period, a single issuer, or an individual class of securities and are invested primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools.

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District's policy is to diversify its investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits this exposure by mandating that the District's investments in commercial paper and corporate bonds be limited to those with a prime rating or better issued by nationally recognized statistical rating organizations (NRSROs).

CARMAN-AINSWORTH COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**Note 3 - Deposits and Investments (continued)**

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned or the District will not be able to recover collateral securities, if any, in the possession of an outside party. At June 30, 2020, the District had \$11,066,276 of its deposit balances uninsured and uncollateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. This risk is minimized by the District through limiting investments to those of a prime or better rating and pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisors.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The District is not authorized to invest in investments that would be subject to this type of risk.

At June 30, 2020, the District had the following investments:

<u>Investment Type</u>	<u>Fund</u>	<u>Fair Value</u>	<u>Average Credit Quality/Rating</u>	<u>Percent of Total</u>
Michigan CLASS Pool	General Fund	\$ 2,995,297	AAAm	81.17%
Michigan CLASS Pool	Capital Projects Fund	694,945	AAAm	18.83%
Totals		<u>\$ 3,690,242</u>		<u>100.00%</u>

The Michigan CLASS pool is a 2a7-like investment pool. Investments in the pool are evidenced by shares in the pool, but are not evidenced by securities that exist in physical or book-entry form. The fair value of the position in the pool is the same as the value of the pool shares. The investments are not federally insured.

CARMAN-AINSWORTH COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**Note 4 - Changes in Capital Assets**

Summary of capital asset transactions:

	Balance July 1, 2019	Additions	Disposals & Adjustments	Balance June 30, 2020
Capital assets not being depreciated:				
Land	\$ 1,535,200	\$ -	\$ -	\$ 1,535,200
Capital assets being depreciated:				
Buildings & additions	78,587,999	404,312	-	78,992,311
Furniture & equipment	8,110,369	12,292	-	8,122,661
Buses & other vehicles	3,337,381	84,474	(390,545)	3,031,310
Subtotal	91,570,949	501,078	(390,545)	91,681,482
Accumulated depreciation:				
Buildings & additions	32,324,724	1,472,099	-	33,796,823
Furniture & equipment	7,802,970	99,547	-	7,902,517
Buses & other vehicles	2,718,843	68,182	(381,906)	2,405,119
Subtotal	42,846,537	1,639,828	(381,906)	44,104,459
Net capital assets	\$ <u>48,724,412</u>	\$ <u>(1,138,750)</u>	\$ <u>(8,639)</u>	\$ <u>47,577,023</u>

Depreciation expense, when appropriate, was allocated to governmental functions. Depreciation expense that was not allocated appears on the statement of activities as "unallocated." Depreciation was recorded on the statement of activities as follows:

Instruction	\$1,180,596
Support services	125,742
Food service	39,070
Unallocated	<u>294,420</u>
Total depreciation expense	<u>\$ 1,639,828</u>

CARMAN-AINSWORTH COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**Note 5 - Long-Term Debt**

The following is a summary of long-term debt transactions for the year ended June 30, 2020:

	Compensated Absences	Bonds	Worker's Comp Liability	Total
Balance July 1, 2019	\$ 792,133	\$ 27,388,000	\$ -	\$ 28,180,133
Additions	187,094	-	4,320	191,414
Less: Retirements and payments	<u>-</u>	<u>(2,150,000)</u>	<u>(4,320)</u>	<u>(2,154,320)</u>
Balance June 30, 2020	979,227	25,238,000	-	26,217,227
Less: Current portion	<u>146,884</u>	<u>2,918,167</u>	<u>-</u>	<u>3,065,051</u>
Total due after one year	<u>\$ 832,343</u>	<u>\$ 22,319,833</u>	<u>\$ -</u>	<u>\$ 23,152,176</u>

The general obligation bonds that are payable from the Debt Service Fund consist of the 2011 refunding bonds and the 2012 refunding bonds.. The 2009 general obligation bonds will be paid from the Building and Site Sinking Fund.

On September 15, 2009, the District issued \$4,358,000 in general obligation bonds with an interest rate of 1.30 percent. The proceeds were used for various energy efficiency and building improvements throughout the District. The 2009 general obligation bonds will be paid from the building and site sinking fund.

On November 29, 2011, \$9,700,000 in general obligation bonds with an average interest rate of 4.16 percent were issued to advance refund \$5,955,000 of outstanding bonds of the 2002 bond issue with an average interest rate of 4.75 percent. The net proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds.

On March 20, 2012, \$6,040,000 in general obligation bonds with an average interest rate of 3.00 percent were issued to advance refund \$9,765,000 of outstanding bonds of the 2002 bond issue with an average interest rate of 5.0 percent. The net proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds.

On March 5, 2015, \$9,650,000 in general obligation bonds with an average interest rate of 3.00 percent were issued to advance refund the remaining \$10,895,000 of outstanding bonds of the 2005 refunding bond issue with an average interest rate of 5.0 percent. The net proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. These bonds were paid off during the year ended June 30, 2020.

On March 23, 2016, \$6,805,000 in general obligation bonds with an average interest rate of 4.00 percent were issued to advance refund the remaining \$6,975,000 of outstanding bonds of the 2006 refunding bond issue with an average interest rate of 4.0 percent. The net proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds.

As of June 30, 2020, the debt service fund had a balance of \$1,725,385 to be used for payment of bonded debt. Future debt and interest calculated at 1.3% to 5.0% will be payable from future tax levies.



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**Note 5 - Long-Term Debt (continued)**

Future principal and interest requirements for the 2009, 2011, 2012 and 2016 bond issues are as follows:

Year Ended June 30,	Principal	Interest	Total
2021	\$ 2,918,167	\$ 828,886	\$ 3,747,053
2022	6,674,833	701,136	7,375,969
2023	2,775,000	543,982	3,318,982
2024	2,945,000	436,450	3,381,450
2025	3,120,000	331,200	3,451,200
2026 – 2027	6,805,000	341,400	7,146,400
Total	<u>\$25,238,000</u>	<u>\$3,183,054</u>	<u>\$28,421,054</u>

The payment dates of compensated absences are indeterminable.

Interest expenditures for the year ended June 30, 2020 in the Capital Projects and Debt Service Funds were \$56,654 and \$879,731, respectively.

**Note 6 - Interfund Transactions**

The District made the following inter-fund transfers during the year:

	General Fund	Special Revenue Funds	Total
To:	\$ 156,818	\$ -	\$ 156,818
From:	\$ 57,653	\$ 99,165	\$ 158,818

The transfers were for the purpose of funding the Community Service Fund shortages and for indirect cost transfers.

Inter-fund receivable and payable balances as of June 30, 2020 are as follows:

	Due to Other Funds	Due from Other Funds
Major funds	\$ 38,400	\$ 307,272
Non-major funds	<u>307,272</u>	<u>38,400</u>
Total	<u>\$ 345,672</u>	<u>\$ 345,672</u>

**Note 7 – Risk Management**

The School District is exposed to various risks of loss in conducting its operations, from property and casualty theft and damage to various property loss, torts, errors and omissions, employee injuries (workers' compensation) as well as medical benefits provided to employees. The District limits its

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**Note 7 – Risk Management (continued)**

exposure to such claims through its participation in and payment of premiums to the MAISL Property/Casualty Pool, Inc. This pool maintains a loss fund and is also required by the terms of the participation agreement to obtain insurance and reinsurance as necessary.

The terms of the participation agreement with the pool indicate that, should losses of the pool incurred in a given coverage period exceed the loss fund and the aggregate excess reinsurance, the fund may assess its member districts on a pro-rata basis to cover excess losses. There is the potential for the district to receive annual premium refunds, if the loss fund exceeds the amount necessary to maintain prudent loss reserves. The District's management believes that participation in this pool provides sufficient coverage to protect the District from any significant adverse financial impact.

The District self-insures its workers' compensation liabilities up to \$500,000 per employee and \$5,000,000 in aggregate claims. There has been no significant reduction in coverage from the prior year. The amount of claim settlements has not exceeded insurance coverage in any of the past three years. The estimated claims liability on July 1, 2018 was \$0. Claims incurred due to increases in existing claims or reopened claims during the 2018-2019 school year amounted to \$14,261 and payments during the year were \$14,261. The estimated claims liability on June 30, 2019 was \$0. Claims incurred due to increases in existing claims or reopened claims during the 2019-2020 school year amounted to \$4,320 and decreases in claims or payments during the year were \$4,320. The estimated claims liability on June 30, 2020 was \$0.

**Note 8 – Sinking Funds**

The Building and Site Capital Project Fund records capital project activities funded with Sinking Fund millage. For this fund, the School District has complied with the applicable provisions of Section 1212(1) of the Revised School Code and the applicable section of the Revised Bulletin for School District Audits of Bonded Construction Funds and of Sinking Funds in Michigan.

**Note 9 – Leases**

The District leases several copiers under operating leases. The leases are payable over 60 months. The following is a schedule, by year, of future minimum rental payments required under the operating leases as of June 30, 2020:

2020-21      \$    650

Lease expenditures for the year ended June 30, 2020 were \$2,560.

**Note 10 - Fund Balance**

**Non-spendable, Restricted, Committed, Assigned and Unassigned**

The Board of Education adopts a budget each year that includes the appropriation of fund balance. Non-spendable fund balance represents assets that are not available in spendable form and are not expected to be converted to cash.

Non-spendable:

Inventory	\$      57,796
Prepaid costs	<u>19,345</u>
Total non-spendable	<u>\$      77,141</u>

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**Note 10 - Fund Balance (continued)**

Restricted fund balance is reported separately to show legal constraints from debt covenants and legislation that limits the School District's ability to use that net position for day-to-day operations.

Restricted:

Capital projects	\$ 4,934,012
Debt retirement	1,725,385
Student Activity	302,334
Food service	<u>702,433</u>
Total restricted	\$ <u>7,664,164</u>

Committed fund balance represents constrained amounts imposed by school board resolution. The District had no amounts committed at June 30, 2020.

Assigned fund balance represents amounts intended to be used for specific purposes expressed by the Board of Education, Finance Committee, or the official authorized by the governing body. Residual amounts in governmental funds other than the General Fund are also assigned. The Board of Education adopted the 2020-21 General Fund budget whereby expenditures exceeded revenues by \$1,825,018. This amount is shown as Assigned fund balance as of June 30, 2020.

Assigned:

Appropriation of existing fund balance for 2020-21 programs	\$ 1,825,018
Special revenue fund	<u>222,145</u>
Total assigned	\$ <u>2,047,163</u>

Unassigned fund balance is reported only in the General Fund and represents the remaining fund balance after non-spendable, restrictions, and assignments have been made.

The District applies restricted resources first for applicable expenditures. Assigned fund equity is applied when expenditures are incurred for the assigned purpose, followed by unassigned fund equity for budgeted expenditures.

**Note 11 - Contingencies and Commitments**

The District has received federal and state grants for specific purposes. These grants are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under the terms of the grant, management believes that any required reimbursements would not be material.

**Plan Description**

The Michigan Public School Employees' Retirement System (MPSERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members - eleven

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**Note 12 – Defined Benefit Pension Plan (continued)**

appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System's pension plan was established by the State to provide retirement, survivor and disability benefits to public school employees. In addition, the System's health plan provides all retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

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

The System's financial statements are available at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Benefits Provided**

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

A DB member or Pension Plus plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

**Contributions**

The majority of the members currently participate on a contributory basis, as described above under "Benefits Provided." The Districts are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2018 valuation will be amortized over a 20 year period beginning October 1, 2018 and ending September 30, 2038.

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**Note 12 – Defined Benefit Pension Plan (continued)**

The schedule below summarizes pension contribution rates in effect for fiscal year 2019.

**Pension Contribution Rates**

Benefit Structure	Member	Employer
Basic	0.0 - 4.0 %	18.25 %
Member Investment Plan	3.0 - 7.0 %	18.25 %
Pension Plus	3.0 - 6.4 %	16.46 %
Pension Plus 2	6.2 %	19.59 %
Defined Contribution	0.0 %	13.39 %

Required contributions to the pension plan from the District were \$7,070,807 for the year ended September 30, 2019.

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

At June 30, 2020, The District reported a liability of \$88,145,283 for its proportionate share of the MPSERS 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 rolled forward from September 30, 2018. The District's proportionate share of the net pension liability was determined by dividing each district's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable districts during the measurement period. At September 30, 2019, the District's proportion was .266167 percent, which was a decrease of .0048 percent from its proportion measured as of September 30, 2018.

For the year ended June 30, 2020, the District recognized total pension expense of \$11,940,550. At June 30, 2020, the 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
Differences between expected and actual experience	\$ 395,095	\$ 367,557
Changes of assumptions	17,258,908	-
Net difference between projected and actual earnings on pension plan investments	-	2,824,907
Changes in proportion and differences between District contributions and proportionate share of contributions	-	3,236,228
District contributions subsequent to the measurement date	<u>6,085,175</u>	<u>-</u>
<b>Total</b>	<b>\$ <u>23,739,178</u></b>	<b>\$ <u>6,428,692</u></b>

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

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

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**Note 12 – Defined Benefit Pension Plan (continued)**

**Deferred (Inflows) and Deferred Outflows of Resources by Year (to Be Recognized in Future Pension Expenses)**

Year Ending June 30,	Amount:
2020	\$4,163,313
2021	\$3,495,422
2022	\$2,513,914
2023	\$1,052,662

**Actuarial Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

**Summary of Actuarial Assumptions**

Actuarial Assumptions

Valuation Date	September 30, 2018
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return	
- MIP and Basic Plans:	6.80%
- Pension Plus Plan:	6.80%
- Pension Plus 2 Plan:	6.00%
Projected Salary Increases:	2.75 - 11.55%, including wage inflation at 2.75%
Cost-of-Living Pension Adjustments:	3% Annual Non-Compounded for MIP Members

Mortality:	Retirees:	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projected scale MP-2017 from 2006.
	Active members:	P-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projected scale MP-2017 from 2006.

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**Note 12 – Defined Benefit Pension Plan (continued)**

**Notes:**

- Assumption changes as a result of an experience study for the periods 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2018 valuation. The total pension liability as of September 30, 2019, is based on the results of an actuarial valuation date of September 30, 2018, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.4977
- Recognition period for assets in years is 5.0000
- Full actuarial assumptions are available in the 2019 MPSERS Comprehensive Annual Financial Report found in the OS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Long-Term Expected Return on Plan Assets**

The long-term expected rate of return on pension 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 pension 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2018, are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long Term Expected Real Rate of Return*</b>
Domestic Equity Pools	28.0 %	5.5 %
Private Equity Pools	18.0	8.6
International Equity	16.0	7.3
Fixed Income Pools	10.5	1.2
Real Estate and Infrastructure Pools	10.0	4.2
Absolute Return Pools	15.5	5.4
Short Term Investment Pools	<u>2.0</u>	0.8
<b>TOTAL</b>	<b><u>100.0</u> %</b>	

\*Long term rate of return does not include 2.3% inflation.

**Rate of Return**

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

**Discount Rate**

A discount rate of 6.80% was used to measure the total pension liability (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan provided through non-university employers only). This discount rate was

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based on the long term expected rate of return on pension plan investments of 7.05% (7.0% for the Pension Plus plan, 6.0% for the pension Plus 2 plan). The projection of cash flows used to determine this

**Note 12 – Defined Benefit Pension Plan (continued)**

discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the District's proportionate share of the net pension liability, calculated using a discount rate of 6.80% (6.80% for the Hybrid Plan, 6.0% for the Pension Plus 2 Plan), as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher:

<b>1% Decrease</b>	<b>Current Single Discount Rate Assumption</b>	<b>1% Increase</b>
<b>5.80% / 5.80%/ 5.0%*</b>	<b>6.80% / 6.80%/ 6.0%</b>	<b>7.80% / 7.80%/ 7.0%</b>
\$114,594,507	\$88,145,283	\$66,217,965

*\*Discount rates listed in the following order: Basic and Member Investment Plan (MIP), Pension Plus, and Pension Plus 2.*

**Michigan Public Schools Employees Retirement System (MPSERS) Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS CAFR, available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Note 13 – Postemployment Benefits Other Than Pensions (OPEB)**

**Plan Description**

The Michigan Public School Employees' Retirement System (MPSERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System's health plan provides all eligible retirees with the option of receiving health, prescription drug, and dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

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

The System's financial statements are available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).



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**Note 13 – Postemployment Benefits Other Than Pensions (OPEB) (continued)**

**Benefits Provided**

Benefit provisions of the postemployment healthcare plan are established by the State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree healthcare recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP Graded plan members) the subsidy is the maximum allowed by the statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2018 (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

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

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

**Contributions**

Districts are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2018 valuation will be amortized over a 20-year period beginning October 1, 2018 and ending September 30, 2038.

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**Note 13 – Postemployment Benefits Other Than Pensions (OPEB) (continued)**

The schedule below summarizes OPEB contribution rates in effect for fiscal year 2019.

**OPEB Contribution Rates**

Benefit Structure	Member	Employer
Premium Subsidy	3.00 %	7.93 %
Personal Healthcare Fund (PHF)	0.00 %	7.57 %

Required contributions to the OPEB plan from the District were \$1,810,644 for the year ended September 30, 2019.

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

At June 30, 2020, The District reported a liability of \$18,928,340 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 30, 2018. The District's proportion share of the net OPEB liability was determined by dividing each district's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable districts during the measurement period. At September 30, 2019, the District's proportion was .26371 percent, which was a decrease of .00435 percent from its proportion measured as of October 1, 2018.

For the year ended June 30, 2020, the District recognized total OPEB expense of \$265,247. At June 30, 2020, the 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
Differences between expected and actual experience	\$ -	\$ 6,945,343
Changes of assumptions	4,101,388	-
Net difference between projected and actual earnings on OPEB plan investments	-	329,173
Changes in proportion and differences between District contributions and proportionate share of contributions	3,564	873,223
District contributions subsequent to the measurement date*	<u>1,353,159</u>	<u>-</u>
<b>Total</b>	<b>\$ <u>5,458,111</u></b>	<b>\$ <u>8,147,739</u></b>

\*Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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**Note 13 – Postemployment Benefits Other Than Pensions (OPEB) (continued)**

**Deferred (Inflows) and Deferred Outflows of Resources by Year (To Be Recognized in Future OPEB Expenses)**

Year Ending June 30,	Amount:
2020	\$(1,100,101)
2021	\$(1,100,101]
2022	\$(936,436)
2023	\$(622,798)
2024	\$(283,351)

**Actuarial Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

**Summary of Actuarial Assumptions**

Actuarial Assumptions

Valuation Date	September 30, 2018
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return	6.95%
Projected Salary Increases:	2.75 - 11.55%, including wage inflation at 2.75%
Healthcare Cost Trend Rate:	7.5% Year 1 graded to 3.0% Year 12

Mortality:	Retirees:	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projected scale MP-2017 from 2006.
	Active members:	P-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projected scale MP-2017 from 2006.

Other Assumptions:

Opt Out Assumptions	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan
Survivor Coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death 75% of male and 60% of female future retirees are assumed to elect

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Coverage Election at Retirement coverage for 1 or more dependent

**Note 13 – Postemployment Benefits Other Than Pensions (OPEB) (continued)**

**Notes:**

- Assumption changes as a result of an experience study for the periods 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2018 valuation. The total OPEB liability as of September 30, 2019, is based on the results of an actuarial valuation date of September 30, 2018, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 5.7101
- Recognition period for assets in years is 5.0000
- Full actuarial assumptions are available in the 2019 MPSERS Comprehensive Annual Financial Report found in the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Long-Term Expected Return on Plan Assets**

The long-term expected rate of return on 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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2019, are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long Term Expected Real Rate of Return*</b>
Domestic Equity Pools	28.0 %	5.5 %
% Alternative Investment Pools	18.0	8.6
International Equity	16.0	7.3
Fixed Income Pools	10.5	1.2
Real Estate and Infrastructure Pools	10.0	4.2
Absolute Return Pools	15.5	5.4
Short Term Investment Pools	<u>2.0</u>	0.8
<b>TOTAL</b>	<b><u>100.0</u> %</b>	

*\*Long-term rate of returns are net of administrative expenses and 2.3% inflation.*

**Rate of Return**

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

CARMAN-AINSWORTH COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**Note 13 – Postemployment Benefits Other Than Pensions (OPEB) (continued)**

**Discount Rate**

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

**Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the District's proportionate share of the net OPEB liability, calculated using a discount rate of 6.95%, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher:

	<b>Current Healthcare Cost Trend</b>	
<b>1% Decrease</b>	<b>Rate</b>	<b>1% Increase</b>
<b>5.95%</b>	<b>6.95%</b>	<b>7.95%</b>
\$23,218,454	\$18,928,340	\$15,325,837

**Sensitivity of the District's Proportionate Share of the OPEB liability to Healthcare Cost Trend Rate**

The following presents the District's proportionate share of the net OPEB liability calculated using assumed trend rates, as well as what the District's proportionate share of net OPEB liability would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher:

	<b>Current Healthcare Cost Trend</b>	
<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
\$15,173,106	\$18,928,340	\$23,217,945

**OPEB Plan Fiduciary Net Position**

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued MPSERS CAFR, available on the ORS website at [www.michigan.com/orsschools](http://www.michigan.com/orsschools).

**Note 14 – Unavailable Revenue**

Government funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. At June 30, 2020, the District had \$1,765,642 in unavailable revenue from federal grants, and at June 30, 2019, the District had \$460,416 in unavailable revenue from federal grants.

**Note 15 – Tax Abatements**

Effective for the year ended June 30, 2017, the District is required to disclose significant tax abatements as required by GASB statement 77.

CARMAN-AINSWORTH COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**Note 15 – Tax Abatements (continued)**

The District received reduced property tax revenues as a result of tax exemptions granted by the City of Flint and Flint Township. Industrial facility exemptions and captured districts are intended to promote construction of new industrial facilities or to rehabilitate historical facilities. The property taxes abated for the Debt Funds and the Capital Projects Sinking Fund totaled \$62,967.

As part of section 22 of the State School Aid Act, any taxes abated for the General Fund operating millage are paid to the District by the State of Michigan.

**Note 16 – Restatement of Fund Balance and Net Position**

Government Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, was issued in January 2017 and is effective for the District's 2020 year end. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities for all state and local governments. The focus on the criteria general is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reporting in a fiduciary fund in the basic financial statements. The District previously reported a fiduciary fund for assets held on behalf of student activity groups. These activities do not meet the criteria of a fiduciary fund as established by GASB No. 84. Therefore, governmental fund balance and government wide net position as of July 1, 2019 were restated as follows to report the student activities fund as a special revenue fund as of July 1, 2019:

	Government Wide Net Position / (Deficit)	Total Governmental Fund Balance
Previously Reported at July 1, 2019	\$ (54,072,817)	\$ 14,478,402
Reclassification of Student Activities as Special Revenue Funds	289,658	289,658
Restated as of July 1, 2019	\$ <u>(53,783,159)</u>	\$ <u>14,768,060</u>

The District implemented GASB 84 during the year ended June 30, 2020, which resulted in the Student Activity Special Revenue Fund recognizing revenues and expenditures for amounts received and disbursed for student activities.

**Note 17 – Subsequent Events**

Management has evaluated subsequent events through November 23, 2020, which is the date the financial statements were available to be issued.

In March of 2020, all Michigan school districts and many businesses were closed by order of the Governor in response to the global coronavirus pandemic. The mandated closures resulted in a state revenue shortfall which necessitated a reduction in state aid of \$175 per pupil that was deducted from the August 2020 state aid payment and is reflected in the financial statements ending June 30, 2020.

New revenue sources were made available to schools subsequent to June 30, 2020, including Public Act 123 of 2020 which provides approximately \$12.32 per pupil, and Public Act 146 of 2020 which provides \$350 per pupil. The new revenue streams approved after June 30, 2020 are restrictive in nature and will be recognized in the fiscal year ended June 30, 2021 in accordance with reporting criteria established by the Governmental Accounting Standards Board.

CARMAN-AINSWORTH COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**Note 17 – Subsequent Events (continued)**

In addition to PA 123 of 2020 and PA 146 of 2020, the “Return to Learn” legislation was passed subsequent to June 30, 2020. The Return to Learn legislation modified the per pupil foundation allowance funding calculation which allows some flexibility in the days and attendance requirements for districts. For example, local districts may provide instruction in a virtual, face to face, or hybrid environment for the 2020-2021 school year and still meet funding requirements.

The full impact of the global pandemic is unknown. It is currently not possible to estimate the duration or severity of the potential impact of the pandemic on the district or to determine if any changes in fair values are other than temporary in nature. Accordingly, no adjustments to the financial statements have been made to reflect potential changes in the fair value of assets or to reflect ongoing costs or unknown liabilities that may occur as a result of the pandemic.

## **REQUIRED SUPPLEMENTAL INFORMATION**



CARMAN-AINSWORTH COMMUNITY SCHOOLS  
REQUIRED SUPPLEMENTAL INFORMATION  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2020

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Local sources	\$ 7,523,117	\$ 7,880,272	\$ 7,005,198	\$ (875,074)
State sources	39,314,489	37,642,157	37,222,334	(419,823)
Federal sources	4,641,902	6,087,319	2,995,381	(3,091,938)
Interdistrict sources	403,820	403,820	505,053	101,233
Total revenues	51,883,328	52,013,568	47,727,966	(4,285,602)
Expenditures				
Education				
Instruction				
Basic programs	25,994,654	26,428,557	25,160,493	1,268,064
Added needs	7,039,237	6,780,257	6,400,400	379,857
Supporting services				
Pupil services	3,560,686	3,783,361	3,279,882	503,479
Instructional staff	2,508,900	2,683,734	2,276,820	406,914
General administration	885,107	1,032,385	738,587	293,798
School administration	2,799,051	2,927,561	2,686,712	240,849
Business services	625,055	641,584	378,286	263,298
Operation and maintenance	4,671,177	4,752,998	3,797,869	955,129
Pupil transportation	2,226,447	2,188,872	1,746,954	441,918
Central services	1,345,056	1,434,119	1,194,423	239,696
Athletics	646,098	658,680	409,022	249,658
Community services	165,039	322,503	81,176	241,327
Total expenditures	52,466,507	53,634,611	48,150,624	5,483,987
Excess/(deficiency) of revenues over/(under) expenditures	(583,179)	(1,621,043)	(422,658)	1,198,385
Other financing sources/(uses)				
Other financing sources	138,094	138,094	201,520	63,426
Other financing uses	(332,503)	(332,503)	(99,613)	232,890
Total other financing sources/(uses)	(194,409)	(194,409)	101,907	296,316
Excess/(deficiency) of revenues over/(under) expenditures and other financing sources/(uses)	(777,588)	(1,815,452)	(320,751)	1,494,701
Fund balance - July 1	6,265,648	6,265,648	6,265,648	-
Fund balance - June 30	\$ 5,488,060	\$ 4,450,196	\$ 5,944,897	\$ 1,494,701

CARMAN-AINSWORTH COMMUNITY SCHOOLS  
REQUIRED SUPPLEMENTAL INFORMATION  
PENSION PLAN INFORMATION  
JUNE 30, 2020

**Schedule of District's Proportionate Share of the Net Pension Liability  
Determined As of 9/30 of Each Fiscal Year**

	2019	2018	2017	2016	2015	2014
District's proportion of net pension liability (%)	0.26617%	0.27094%	0.27686%	0.29358%	0.29559%	0.29652%
District's proportionate share of net pension liability	\$ 88,145,283	\$ 81,448,346	\$ 71,745,729	\$ 73,246,788	\$ 72,197,727	\$ 65,311,972
District's covered-employee payroll	\$ 22,946,882	\$ 22,758,187	\$ 22,443,354	\$ 24,601,870	\$ 24,885,860	\$ 25,412,351
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	384.13%	357.89%	319.67%	297.73%	290.12%	257.01%
Plan fiduciary net position as a percentage of total pension liability	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

**Schedule of the District's Contributions  
Determined as of 6/30 of Each Fiscal Year**

	2020	2019	2018	2017	2016	2015
Statutorily required contributions	\$ 7,070,807	\$ 7,054,453	\$ 6,850,971	\$ 6,657,657	\$ 6,686,246	\$ 7,197,468
Contributions in relation to statutorily required contributions	\$ 7,070,807	\$ 7,054,453	\$ 6,850,971	\$ 6,657,657	\$ 6,686,246	\$ 7,197,468
Contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 22,437,380	\$ 22,894,698	\$ 22,703,978	\$ 23,352,177	\$ 24,229,992	\$ 25,200,529
Contributions as a percentage of covered-employee payroll	31.51%	30.81%	30.18%	28.51%	27.59%	28.56%

**Notes**

See Note 12 to the financial statements for discussion of benefit terms and assumptions.

CARMAN-AINSWORTH COMMUNITY SCHOOLS  
REQUIRED SUPPLEMENTAL INFORMATION  
OPEB PLAN INFORMATION  
JUNE 30, 2020

**Schedule of District's Proportionate Share of the Net OPEB Liability  
Determined As of 9/30 of Each Fiscal Year**

	2019	2018	2017
District's proportion of net OPEB liability (%)	0.26371%	0.26806%	0.27707%
District's proportionate share of net OPEB liability	\$ 18,928,340	\$ 21,307,738	\$ 24,535,760
District's covered-employee payroll	\$ 22,946,882	\$ 22,758,187	\$ 22,443,354
District's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	82%	94%	109.32%
Plan fiduciary net position as a percentage of total OPEB liability	48.46%	42.95%	36.39%

**Schedule of the District's Contributions  
Determined as of 6/30 of Each Fiscal Year**

	2020	2019	2018
Statutorily required OPEB contributions	\$ 1,810,644	\$ 1,806,848	\$ 1,761,808
OPEB Contributions in relation to statutorily required contributions	\$ 1,810,644	\$ 1,806,848	\$ 1,761,808
Contribution deficiency/(excess)	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 22,437,380	\$ 22,894,698	\$ 22,703,978
OPEB Contributions as a percentage of covered-employee payroll	8.07%	7.89%	7.76%

Notes

See Note 13 to the financial statements for discussion of benefit terms and assumptions.

## **OTHER SUPPLEMENTAL INFORMATION**

CARMAN-AINSWORTH COMMUNITY SCHOOLS  
OTHER SUPPLEMENTAL INFORMATION  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2020

	Special Revenue Funds			Debt Service Fund	Non-Major Governmental Funds Total
	School Lunch Fund	Community Service Fund	Student Activity Fund		
Assets					
Cash, cash equivalents and investments	\$ 942,521	\$ 264,418	\$ 302,334	\$ 1,725,385	\$ 3,234,658
Due from other governmental units	40,189	-	-	-	40,189
Due from other funds	38,400	-	-	-	38,400
Inventory	38,701	-	-	-	38,701
Total Assets	<u>\$ 1,059,811</u>	<u>\$ 264,418</u>	<u>\$ 302,334</u>	<u>\$ 1,725,385</u>	<u>\$ 3,351,948</u>
Liabilities					
Accounts payable	\$ 1,748	\$ 40,743	\$ -	\$ -	\$ 42,491
Due to other funds	307,272	-	-	-	307,272
Salaries and fringes payable	9,657	1,530	-	-	11,187
Total Liabilities	318,677	42,273	-	-	360,950
Fund Balance					
Non-spendable	38,701	-	-	-	38,701
Restricted for:					
Debt service	-	-	-	1,725,385	1,725,385
Food service	702,433	-	-	-	702,433
Student activity	-	-	302,334	-	302,334
Assigned	-	222,145	-	-	222,145
Total Fund Balance	<u>741,134</u>	<u>222,145</u>	<u>302,334</u>	<u>1,725,385</u>	<u>2,990,998</u>
Total Liabilities and Fund Balance	<u>\$ 1,059,811</u>	<u>\$ 264,418</u>	<u>\$ 302,334</u>	<u>\$ 1,725,385</u>	<u>\$ 3,351,948</u>

CARMAN-AINSWORTH COMMUNITY SCHOOLS  
OTHER SUPPLEMENTAL INFORMATION  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	Special Revenue Funds			Debt	Non-Major
	School	Community	Student	Service	Governmental
	Lunch	Service	Activity	Fund	Funds
	Fund	Fund	Fund		Total
Revenues					
Revenues from local sources					
Food sales	\$ 95,382	\$ -	\$ -	\$ -	95,382
Property taxes	-	-	-	2,622,605	2,622,605
Other local sources	14,716	205,345	431,360	-	651,421
State aid	97,238	-	-	-	97,238
Federal aid	1,925,481	-	-	-	1,925,481
Total Revenues	2,132,817	205,345	431,360	2,622,605	5,392,127
Expenditures					
Salaries	770,940	93,035	-	-	863,975
Employee benefits	322,439	58,663	-	-	381,102
Purchased services	37,896	170,796	-	-	208,692
Supplies and materials	932,503	29,425	-	-	961,928
Capital outlay	16,130	-	-	-	16,130
Other	5,675	4,477	418,684	-	428,836
Principal	-	-	-	2,150,000	2,150,000
Interest and fiscal charges	-	-	-	885,731	885,731
Total Expenditures	2,085,583	356,396	418,684	3,035,731	5,896,394
Excess/(deficiency) of revenues over/(under) expenditures	47,234	(151,051)	12,676	(413,126)	(504,267)
Other financing sources/(uses)					
Intra-district transfers	(99,165)	-	-	-	(99,165)
Total other financing sources/(uses)	(99,165)	-	-	-	(99,165)
Excess/(deficiency) of revenues and other financing sources over/(under) expenditures	(51,931)	(151,051)	12,676	(413,126)	(603,432)
Fund Balance - July 1 - Restated	793,065	373,196	289,658	2,138,511	3,594,430
Fund Balance - June 30	\$ 741,134	\$ 222,145	\$ 302,334	\$ 1,725,385	\$ 2,990,998

CARMAN-AINSWORTH COMMUNITY SCHOOLS  
 OTHER SUPPLEMENTAL INFORMATION  
 COMBINING BALANCE SHEET  
 CAPITAL PROJECTS FUNDS  
 JUNE 30, 2020

	Sinking Fund	Building and Site Funds	Total
	<u>          </u>	<u>          </u>	<u>          </u>
Assets			
Cash and investments	\$ 564,847	\$ 4,369,165	\$ 4,934,012
Total Assets	\$ <u>564,847</u>	\$ <u>4,369,165</u>	\$ <u>4,934,012</u>
Liabilities			
Total Liabilities	\$ -	\$ -	\$ -
Fund Balance			
Restricted for:			
Capital Projects	<u>564,847</u>	<u>4,369,165</u>	<u>4,934,012</u>
Total Fund Balance	<u>564,847</u>	<u>4,369,165</u>	<u>4,934,012</u>
Total Liabilities and Fund Balance	\$ <u>564,847</u>	\$ <u>4,369,165</u>	\$ <u>4,934,012</u>

CARMAN-AINSWORTH COMMUNITY SCHOOLS  
 OTHER SUPPLEMENTAL INFORMATION  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2020

	Sinking Fund	Building and Site Funds	Total
Revenues			
Property taxes	\$ 366,341	\$ -	\$ 366,341
Earnings on investments	<u>6,643</u>	<u>4,529</u>	<u>11,172</u>
Total revenues	372,984	4,529	377,513
Expenditures			
Capital projects	294,829	-	294,829
Interest and fiscal charges	<u>56,654</u>	<u>-</u>	<u>56,654</u>
Total expenditures	<u>351,483</u>	<u>-</u>	<u>351,483</u>
Excess (deficiency) of revenues over/(under) expenditures	21,501	4,529	26,030
Fund Balance - July 1	<u>543,346</u>	<u>4,364,636</u>	<u>4,907,982</u>
Fund Balance - June 30	<u><u>\$ 564,847</u></u>	<u><u>\$ 4,369,165</u></u>	<u><u>\$ 4,934,012</u></u>



CARMAN-AINSWORTH COMMUNITY SCHOOLS  
 OTHER SUPPLEMENTAL INFORMATION  
 GENERAL FUND  
 SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
 FOR THE YEAR ENDED JUNE 30, 2020  
 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019

	Totals	
	June 30, 2020	June 30, 2019
Local sources		
Property taxes	\$ 6,522,898	\$ 6,370,384
Athletics	58,033	80,708
Tuition	11,165	12,545
Earnings on investments	48,598	80,667
Other	364,504	530,042
Total revenues from local sources	7,005,198	7,074,346
State sources		
Grants - unrestricted		
State school aid	28,505,418	31,334,351
Grants - restricted		
Special Education	1,790,348	1,437,737
At Risk	2,870,443	3,006,256
Vocational Education	118,404	128,916
Other	3,937,721	3,804,973
Total revenues from state sources	37,222,334	39,712,233
Federal sources		
Grants - restricted		
Special Education - I.D.E.A.	1,150,143	1,275,051
Title I	1,013,991	804,519
Title IIA Improving Teacher Quality	147,971	123,349
Early Head Start	644,045	1,232,174
Voc Ed - Perkins	29,305	9,647
Medicaid Outreach and other	9,926	3,165
Total revenues from federal sources	2,995,381	3,447,905
Interdistrict sources		
County special education tax	210,772	227,320
Other local transfers	294,281	302,018
Total revenues from interdistrict sources	505,053	529,338
Other financing sources		
Reimbursement from insurance claims & other	44,702	-
Operating transfers/Indirect cost allocations	156,818	164,077
Total other financing sources	201,520	164,077
Total revenues and other financing sources	\$ 47,929,486	\$ 50,927,899

CARMAN-AINSWORTH COMMUNITY SCHOOLS  
 OTHER SUPPLEMENTAL INFORMATION  
 GENERAL FUND  
 SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
 FOR THE YEAR ENDED JUNE 30, 2020  
 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019

	Salaries & Benefits	Purchased Services	Supplies & Materials	Capital Outlay & Other	Totals June 30, 2020	Totals June 30, 2019
Instruction						
Basic programs						
Elementary	\$ 5,049,223	\$ 190,400	\$ 305,389	\$ 2,611	\$ 5,547,623	\$ 5,427,653
Middle school	2,198,237	62,938	135,752	32,090	2,429,017	2,560,994
High school	3,666,410	957,751	76,664	4,406,704	9,107,529	9,277,928
Preschool/Head start	528,480	21,302	86,655	8,330	644,767	543,573
Other basic programs	55,469	3,171	4,972	-	63,612	65,321
Employee benefits	7,367,945	-	-	-	7,367,945	7,610,454
Added needs						
Special education	2,673,547	37,434	6,241	7,533	2,724,755	2,741,355
Compensatory education	696,973	521,369	39,983	-	1,258,325	1,436,588
Vocational education	204,275	7,309	55,218	1,336	268,138	345,189
Adult education	-	-	-	-	-	246
Employee benefits	2,149,182	-	-	-	2,149,182	2,222,713
Total instruction	24,589,741	1,801,674	710,874	4,458,604	31,560,893	32,232,014
Supporting services						
Pupil services						
Attendance	30,413	1,991	-	-	32,404	36,864
Guidance services	570,769	-	4,278	-	575,047	612,388
Health services	47,456	912	5,289	-	53,657	56,487
Psychological services	158,436	822	308	-	159,566	159,373
Speech pathology	347,515	43,450	318	-	391,283	381,609
Social work services	286,878	670	2,706	-	290,254	279,347
Teacher consultants	158,436	810	1,007	-	160,253	160,699
Other pupil services	180,096	287,932	2,616	-	470,644	457,219
Employee benefits	1,146,774	-	-	-	1,146,774	1,122,989
Instructional staff						
Improvement of instruction	294,596	81,086	15,130	8,014	398,826	481,887
Educational media	228,066	11,802	8,468	5,951	254,287	242,054
Instruction related technology	-	-	233,144	-	233,144	29,404
Supervision instructional staff	639,774	2,389	3,023	1,205	646,391	587,025
Testing	-	62,032	988	-	63,020	68,339
Employee benefits	681,152	-	-	-	681,152	677,391
General administration						
Board of education	5,250	97,859	189	8,722	112,020	190,075
Executive administration	364,307	36,332	4,705	13,784	419,128	396,473
Employee benefits	207,439	-	-	-	207,439	194,341
School administration						
Office of the principal	1,422,389	39,131	4,564	12,223	1,478,307	1,509,474
Other school administration	173,189	-	7,394	3,955	184,538	123,553
Employee benefits	1,023,867	-	-	-	1,023,867	991,098
Business services						
Fiscal services	185,503	1,132	11,680	(1,540)	196,775	194,611
Other business services	-	-	-	34,809	34,809	63,793
Employee benefits	146,702	-	-	-	146,702	220,952
Operations & maintenance						
Operation & maintenance of plant	531,875	1,341,681	1,235,097	111,545	3,220,198	3,288,832
Security services	-	193,537	-	-	193,537	220,334
Employee benefits	384,134	-	-	-	384,134	421,455

(continued)

CARMAN-AINSWORTH COMMUNITY SCHOOLS  
 OTHER SUPPLEMENTAL INFORMATION  
 GENERAL FUND  
 SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
 FOR THE YEAR ENDED JUNE 30, 2020  
 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019

	Salaries & Benefits	Purchased Services	Supplies & Materials	Capital Outlay & Other	Totals June 30, 2020	Totals June 30, 2019
Supporting services (continued)						
Pupil transportation						
Pupil transportation services	\$ 713,713	\$ 132,259	\$ 215,904	\$ 264,360	\$ 1,326,236	\$ 1,345,028
Employee benefits	420,718	-	-	-	420,718	368,369
Central services						
Planning, research & eval.	45,047	-	-	-	45,047	34,888
Communication services	-	19,869	-	315	20,184	23,388
Staff services	107,190	20,884	175	1,736	129,985	125,880
Information management services	68,199	250,738	77,228	460,218	856,383	799,963
Employee benefits	142,824	-	-	-	142,824	135,074
Athletics						
Athletic Programs	148,566	156,114	18,025	10,472	333,177	516,271
Employee benefits	75,845	-	-	-	75,845	84,681
Total support services	10,937,118	2,783,432	1,852,236	935,769	16,508,555	16,601,608
Community services						
Civic activities	29,575	4,428	11,560	-	45,563	49,690
Custody & care of children	-	20,661	603	-	21,264	46,188
Employee benefits	14,349	-	-	-	14,349	15,668
Total community services	43,924	25,089	12,163	-	81,176	111,546
Total expenditures	35,570,783	4,610,195	2,575,273	5,394,373	48,150,624	48,945,168
Other financing uses						
Interest and fiscal charges	-	-	-	-	-	73,798
Building improvement	-	-	-	41,960	41,960	-
Prior period adjustment	-	-	-	-	-	181,012
Intra-district transfers	-	-	-	57,653	57,653	300,000
Total other financing uses	-	-	-	99,613	99,613	554,810
Total expenditures and other financing uses	\$ 35,570,783	\$ 4,610,195	\$ 2,575,273	\$ 5,493,986	\$ 48,250,237	\$ 49,499,978

CARMAN-AINSWORTH COMMUNITY SCHOOLS  
 DETAIL OF BONDED DEBT  
 2009 BOND ISSUE  
 JUNE 30, 2019

Amount:     \$4,358,000

Date Issued: September 30, 2009

Purpose:     2009 General Obligation Limited Tax Bonds

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
09/15/20	1.30%	\$       363,167	\$       56,654	\$       419,821
09/15/21	1.30%	<u>3,994,833</u>	<u>56,654</u>	<u>4,051,487</u>
Total		\$ <u>4,358,000</u>	\$ <u>113,308</u>	\$ <u>4,471,308</u>

CARMAN-AINSWORTH COMMUNITY SCHOOLS  
 DETAIL OF BONDED DEBT  
 2011 REFUNDING BOND ISSUE  
 JUNE 30, 2020

Amount:     \$9,700,000

Date Issued: November 29, 2011

Purpose:     Refunding portion of 2002 School Building and Site Bonds

<u>Due</u> <u>Date</u>	<u>Interest</u> <u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
11/01/20	5.000%	\$ -	\$ 201,691	\$ 201,691
05/01/21	5.000%	2,555,000	201,691	2,756,691
11/01/21	5.000%	-	137,816	137,816
05/01/22	3.750%	2,680,000	137,816	2,817,816
11/01/22	3.750%	-	87,566	87,566
05/01/23	3.875%	2,775,000	87,566	2,862,566
11/01/23	3.875%	-	33,800	33,800
05/01/24	4.000%	<u>1,690,000</u>	<u>33,800</u>	<u>1,723,800</u>
Total		\$ <u><u>9,700,000</u></u>	\$ <u><u>921,746</u></u>	\$ <u><u>10,621,746</u></u>

CARMAN-AINSWORTH COMMUNITY SCHOOLS  
 DETAIL OF BONDED DEBT  
 2012 REFUNDING BOND ISSUE  
 JUNE 30, 2020

Amount: \$6,040,000

Date Issued: March 20, 2012

Purpose: Refunding portion of 2002 School Building and Site Bonds

<u>Due</u> <u>Date</u>	<u>Interest</u> <u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
11/01/20	3.000%	\$ -	\$ 65,625	\$ 65,625
05/01/21	3.000%	-	65,625	65,625
11/01/21	3.000%	-	65,625	65,625
05/01/22	3.000%	-	65,625	65,625
11/01/22	3.000%	-	65,625	65,625
05/01/23	3.000%	-	65,625	65,625
11/01/23	3.000%	-	65,625	65,625
05/01/24	3.000%	1,255,000	65,625	1,320,625
11/01/24	3.000%	-	46,800	46,800
05/01/25	3.000%	<u>3,120,000</u>	<u>46,800</u>	<u>3,166,800</u>
Total		\$ <u><u>4,375,000</u></u>	\$ <u><u>618,600</u></u>	\$ <u><u>4,993,600</u></u>

CARMAN-AINSWORTH COMMUNITY SCHOOLS  
 DETAIL OF BONDED DEBT  
 2016 REFUNDING BOND ISSUE  
 JUNE 30, 2020

Amount: \$6,805,000

Date Issued: March 23, 2016

Purpose: Refunding remaining portion of 2006 Refunding Bonds

<u>Due</u> <u>Date</u>	<u>Interest</u> <u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
05/01/20	4.000%	\$ -	\$ 118,800	\$ 118,800
11/01/20	4.000%	-	118,800	118,800
05/01/21	4.000%	-	118,800	118,800
11/01/21	4.000%	-	118,800	118,800
05/01/22	4.000%	-	118,800	118,800
11/01/22	4.000%	-	118,800	118,800
05/01/23	4.000%	-	118,800	118,800
11/01/23	4.000%	-	118,800	118,800
05/01/24	4.000%	-	118,800	118,800
11/01/24	4.000%	-	118,800	118,800
05/01/25	4.000%	-	118,800	118,800
11/01/25	4.000%	-	118,800	118,800
05/01/26	4.000%	3,345,000	118,800	3,463,800
11/01/26	3.000%	-	51,900	51,900
05/01/27	3.000%	3,460,000	51,900	3,511,900
Total		\$ <u>6,805,000</u>	\$ <u>1,648,200</u>	\$ <u>8,453,200</u>

## **UNIFORM GUIDANCE**



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

November 23, 2020

Board of Education  
Carman-Ainsworth Community Schools

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Carman-Ainsworth Community Schools as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Carman-Ainsworth Community Schools' basic financial statements, and have issued our report thereon dated November 23, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Carman-Ainsworth Community Schools' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Carman-Ainsworth Community Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Carman-Ainsworth Community Schools' internal control.

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

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

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## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*Taylor & Morgan, P.C.*

TAYLOR & MORGAN, P.C.  
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

November 23, 2020

Board of Education  
Carman-Ainsworth Community Schools

**Report on Compliance for Each Major Federal Program**

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

***Management's Responsibility***

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

***Auditors' Responsibility***

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Carman-Ainsworth Community Schools' compliance.

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### ***Opinion on Each Major Federal Program***

In our opinion, Carman-Ainsworth Community Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

### **Report on Internal Control over Compliance**

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

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

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

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

***Taylor & Morgan, P.C.***

TAYLOR & MORGAN, P.C.  
Certified Public Accountants

**CARMAN-AINSWORTH COMMUNITY SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2020**

Federal Grantor Pass Through Grantor <u>Program Title/Grantor's No.</u>	Federal CFDA <u>Number</u>	Grant <u>Award</u>	(Memo only) Prior Year <u>Expenditures</u>	Accrued/ (Deferred) June 30, 2019 <u>Revenue</u>	Adjustments and <u>Transfers</u>	Current Year <u>Receipts</u>	Current Year <u>Expenditures</u>	Accrued/ (Deferred) June 30, 2020 <u>Revenue</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>								
<b><u>Received Through M.D.E.</u></b>								
<b><u>Title I</u></b>								
181530-17 18	84.010	\$ 1,763,277	\$ 1,092,611	\$ (56,173)	\$ -	\$ -	\$ 56,173	\$ -
191530-18-19	84.010	1,036,038	1,047,975	677,160	(593)	765,714	89,147	-
191530-19-20	84.010	<u>2,442,442</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>466,561</u>	<u>1,452,529</u>	<u>985,968</u>
		5,241,757	2,140,586	620,987	(593)	1,232,275	1,597,849	985,968
<b><u>Title IIA Improving Teacher Quality</u></b>								
180520-17-18	84.367	297,530	158,989	(88)	88	-	-	-
190520-18-19	84.367	349,453	141,797	92,068	-	97,042	4,974	-
200520-19-20	84.367	<u>587,229</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>86,305</u>	<u>144,472</u>	<u>58,167</u>
		1,234,212	300,786	91,980	88	183,347	149,446	58,167
<b><u>Title IV Stud. Support and Acad. Enrichment</u></b>								
190750 19-20	84.424	28,828	1,613	1,613	-	1,613	-	-
200750 19-20	84.424	<u>120,610</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,259</u>	<u>5,259</u>
		149,438	1,613	1,613	-	1,613	5,259	5,259
Total Received Through M.D.E.		6,625,407	2,442,985	714,580	(505)	1,417,235	1,752,554	1,049,394
<b><u>Received Through G.I.S.D.</u></b>								
<b><u>Perkins Secondary Regional</u></b>								
17-18	84.048	30,996	23,858	(7,138)	-	-	7,138	-
18-19	84.048	21,123	9,647	(9,686)	-	1,790	11,476	-
19-20	84.048	<u>32,448</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,571</u>	<u>10,691</u>	<u>(18,880)</u>
		84,567	33,505	(16,824)	-	31,361	29,305	(18,880)
<b><u>Special Education</u></b>								
IDEA Flow Through 190450-1819	84.027	1,170,978	1,155,529	406,469	-	421,918	15,449	-
IDEA Flow Through 190450-1920	84.027	1,120,384	-	-	-	428,590	1,115,409	686,819
IDEA Preschool 180460-1819	84.173	26,055	26,055	9,036	-	9,036	-	-
IDEA Preschool 180460-1920	84.173	<u>9,285</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,822</u>	<u>19,285</u>	<u>12,463</u>
		2,326,702	1,181,584	415,505	-	866,366	1,150,143	699,282
Total Received Through G.I.S.D.		2,411,269	1,215,089	398,681	-	897,727	1,179,448	680,402
Total U.S. Department of Education		9,036,676	3,658,074	1,113,261	(505)	2,314,962	2,932,002	1,729,796
<b><u>Received Through Michigan Department of Community Mental Health Passed Through GISD</u></b>								
Medicaid Administrative Outreach 19-20	93.778	<u>8,313</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,313</u>	<u>8,313</u>	<u>-</u>
Total Received Through Michigan Department of Community Mental Health		8,313	-	-	-	8,313	8,313	-
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>								
Early Head Start 18/19	93.600	1,123,388	878,887	878,887	2,137	1,123,387	242,363	-
Early Head Start 19/20	93.600	1,319,633	-	-	-	388,719	1,098,743	710,024
Early Head Start 18/19Training	93.600	26,079	26,079	26,079	-	26,079	-	-
Early Head Start 19/20Training	93.600	<u>26,079</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,826</u>	<u>19,186</u>	<u>8,360</u>
Total U.S. Department of Health and Human Services		2,495,179	904,966	904,966	2,137	1,549,011	1,360,292	718,384
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>								
<b><u>Passed Through Michigan Dept. of Education</u></b>								
<b><u>National School Lunch</u></b>								
Nat. School Lunch 19-20	10.555	1,291,240	-	-	-	1,289,214	1,291,240	2,026
Nat. School Breakfast 19-20	10.553	494,511	-	-	-	474,153	494,511	20,358
Entitlement Commodities 19-20	10.555	<u>139,730</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>139,730</u>	<u>139,730</u>	<u>-</u>
Total U.S. Dept. of Agriculture		1,925,481	-	-	-	1,903,097	1,925,481	22,384
Total All Federal Agencies		\$ 13,465,649	\$ 4,563,040	\$ 2,018,227	\$ 1,632	\$ 5,775,383	\$ 6,226,088	\$ 2,470,564

CARMAN-AINSWORTH COMMUNITY SCHOOLS  
 NOTES/RECONCILIATION  
 TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2020

FEDERAL REVENUE RECOGNIZED FOR SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	\$ <u>6,226,088</u>
FEDERAL REVENUE RECOGNIZED PER THE GENERAL PURPOSE FINANCIAL STATEMENTS	
General Fund	\$ 2,995,381
School Lunch Fund	1,925,481
FEDERAL REVENUE RECOGNIZED IN CURRENT YEAR BECAUSE IT WAS UNAVAILABLE AT PRIOR YEAR END	(460,416)
FEDERAL REVENUE NOT RECOGNIZED IN CURRENT YEAR BECAUSE IT WAS UNAVAILABLE AT YEAR END	<u>1,765,642</u>
TOTAL REVENUE FROM FEDERAL SOURCES - AS REPORTED ON FINANCIAL STATEMENTS	\$ <u>6,226,088</u>

- 1) The Schedule of Expenditures of Federal Awards has been prepared under the modified accrual basis of accounting.
- 2) Management has utilized the Grant Auditor Report in preparing the Schedule of Expenditures of Federal Awards.  
All differences between the Schedule of Expenditures of Federal Awards and the Grant Auditor Report have been reconciled in the attached reconciliation on page 67 of this report.
- 3) The District has elected to not use the 10% de minimis indirect cost rate.

CARMAN-AINSWORTH COMMUNITY SCHOOLS  
RECONCILIATION OF  
GRANT AUDITOR REPORT  
TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2020

Current Payments Per the Grant Auditor Report	\$	3,265,237
<u>Add:</u> Grants Passed Through the Genesee Intermediate School District		906,040
Direct Federal Aid - Early Head Start (CFDA 93.600)		1,549,011
Entitlement and Bonus Commodities (CFDA 10.550)		139,730
Amounts not included on the Grant Auditor Report in 18-19 but received in current year		<u>(84,635)</u>
TOTAL CURRENT YEAR RECEIPTS PER SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	\$	<u>5,775,383</u>

CARMAN-AINSWORTH COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2020

Section I - Summary of Auditors' Results

*Financial Statements*

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

Material weakness(es) identified?	<i>No</i>
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<i>No</i>
Noncompliance material to financial statements noted?	<i>No</i>

*Federal Awards*

Internal control over major programs:

Material weakness(es) identified?	<i>No</i>
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<i>No</i>

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

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? *No*

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program of Cluster</i>
<i>93.600</i>	<i>Early Head Start</i>
<i>10.553 10.555</i>	<i>National School Lunch Program</i>

Dollar threshold used to distinguish between Type A and Type B programs: *\$750,000*

Auditee qualified as low-risk auditee? *No*