

Centreville Public Schools

Financial Statements

June 30, 2021



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Centreville Public Schools
Members of the Board of Education and Administration
June 30, 2021

Members of the Board of Education

Jeff Troyer – President

Jackie Bowen – Vice President

Rod Detweiler – Treasurer

Margaret Miller – Secretary

TJ Reed – Trustee

Pam Riley – Trustee

Larry Walton – Trustee

Administration

Stephanie Lemmer – Superintendent

Phillip Heasley – Business Manager



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Independent Auditors' Report

Management and the Board of Education
Centreville Public Schools
Centreville, Michigan

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 Centreville Public Schools, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 from material misstatement.

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

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

Opinions

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the school district's proportionate share of the net pension liability, schedule of the school district's pension contributions, schedule of the school district's proportionate share of the net OPEB liability, and schedule of the school district's OPEB contributions 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 Centreville Public Schools' basic financial statements. The other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2021 on our consideration of Centreville Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Centreville Public 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 Centreville Public Schools' internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Kalamazoo, Michigan
October 22, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Centreville Public Schools
Management’s Discussion and Analysis
June 30, 2021

This section of Centreville Public School’s (the “School District”) annual financial report presents our discussion and analysis of the School District’s financial performance during the year ended June 30, 2021. It is to be read in conjunction with the School District’s financial statements, which immediately follow. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) *Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments* and is intended to provide the financial results for the fiscal year ending June 30, 2021.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Centreville Public Schools financially as a whole. The district-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District’s finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements look at the School District’s operations in more detail than the district-wide financial statements by providing information about the School District’s most significant fund – the General Fund, with all other funds presented in one column as non-major funds. The remaining statement, the statement of fiduciary net position, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents. The annual report is arranged as follows:

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

Basic Financial Statements

District-wide Financial Statements ***Fund Financial Statements***

Notes to the Basic Financial Statements

(Required Supplemental Information)
Budgetary Information for Major Funds

Other Supplemental Information

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

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

Centreville Public Schools
Management's Discussion and Analysis
June 30, 2021

These two statements report the School 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 School District's net position – as reported in the statement of activities – are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the schools to assess the overall health of the School District.

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

Reporting the School District's Most Significant Funds – Fund Financial Statements

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

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

The basic financial statements also include the notes to the financial statements that explain the information in the basic financial statements and provide more detailed data. Supplementary information follows and includes combining and individual fund statements as well as a budgetary comparison schedule for the general fund.

Centreville Public Schools
Management's Discussion and Analysis
June 30, 2021

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. Table 1 (on the next page) provides a summary of the School District's net position as of June 30, 2021 and 2020.

Table 1	Governmental Activities	
	June 30	
	2021	2020
Assets		
Current and other assets	\$ 9,455,965	\$ 9,412,198
Property and equipment	13,493,012	12,274,543
Deferred outflows of resources	4,250,727	4,617,107
Totals assets	27,199,704	26,303,848
Liabilities		
Current liabilities	2,865,514	2,516,297
Noncurrent liabilities	29,490,101	29,940,419
Deferred inflows of resources	2,559,851	1,853,955
Total liabilities	34,915,466	34,310,671
Net Position		
Net investment in capital assets	4,188,151	4,171,852
Restricted	658,412	850,746
Unrestricted (deficit)	(12,562,325)	(13,029,421)
Total net position	\$ (7,715,762)	\$ (8,006,823)

The preceding analysis focuses on the net position. The change in net position (see Table 2) of the School District's governmental activities is discussed below. The net position was \$(7,715,762) at June 30, 2021. Capital assets, net of related debt totaling \$4,188,151 compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Net position that was restricted for debt service was \$291,797 and restricted for food service fund totaled \$366,615. The remaining amount of net position of \$(12,562,325) was unrestricted.

Centreville Public Schools
Management's Discussion and Analysis
June 30, 2021

Approximately \$(7,715,762) in unrestricted net position of governmental activities represents the *accumulated* results of all past year's operations. The unrestricted net position balance enables the School District to meet working capital and cash flow requirements as well as to provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

The results of this year's operations for the School District as a whole are reported in the statement of activities (Table 2), which shows the changes in net position for fiscal year 2021 and 2020.

Table 2

	Governmental Activities	
	June 30	
	2021	2020
	(in millions)	
Revenue		
Program revenue:		
Charges for services	\$ 334,652	\$ 724,238
Operating grants and contributions	2,925,200	2,598,045
General Revenue:		
Property taxes	1,953,084	1,856,725
State foundation allowance	5,931,483	5,679,337
Other	44,485	23,941
Total revenue	11,188,904	10,882,286
Functions/Program Expenses		
Instruction	5,881,989	7,712,448
Support services	3,426,699	3,640,984
Food services	692,207	571,592
Community services	316	22,754
Depreciation (unallocated)	551,682	547,320
Interest and other charges on long-term debt	344,950	328,823
Total functions/program expenses	10,897,843	12,823,921
Change in Net Position	291,061	(1,941,635)

Centreville Public Schools
Management's Discussion and Analysis
June 30, 2021

As reported in the statement of activities, the cost of all of our *governmental* activities this year was \$10,897,843. Certain activities were partially funded from charges for services of \$334,652 from those who benefited from the programs or by other governments and organizations that subsidized certain programs with grants and contributions of \$2,925,200. We paid for the remaining "public benefit" portion of our governmental activities with \$1,953,084 in taxes, \$5,931,483 in State foundation allowance, and with our other revenues, i.e., interest and general entitlements.

The School District experienced an increase in net position of \$291,061. A key reason for the change in net position is one-time COVID related funding.

Fund Financial Statements

The fund financial statements provide more detailed information about the School District's funds, focusing on its most significant or "major" funds - not the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs.

The School District utilizes *Governmental funds* within this report. Most of the School District's basic services are included in governmental funds, which generally focus on: 1) how cash and other financial assets that can readily be converted to cash flow in and out and 2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Since the district-wide financial statements and the fund financial statements use different methods of accounting to report the School District's financial condition, a reconciliation is included in the financial statements showing the differences between the two types of statements.

The School District's Funds

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

As the School District completed this year, the governmental funds reported a combined fund balance of \$6,648,101, which is a decrease of \$1,081,014 from last year.

In the General Fund, our principal operating fund, the fund balance increased from \$1,382,840 to \$2,272,809 primarily as a result of federal and state COVID relief funding. General Fund balance is available to fund costs related to allowable school operating purposes.

The Food Service Fund is a special revenue fund and was established to account for all revenue and expenses of the food service program of the District. The Food Service fund balance increased \$3,782 from June 30, 2020 to June 30, 2021 due primarily to changes in federal meal reimbursements.

The Student and School Activity Fund is a special revenue fund established to account for all revenue and expenses associated with the various clubs, booster groups, class funds, etc. of the District.

Centreville Public Schools
Management's Discussion and Analysis
June 30, 2021

The 2020 Capital Projects Fund balance is \$3,267,451 at June 30, 2021, a decrease of \$2,011,780 from the prior year.

Combined, the Debt Service Funds showed a fund balance decrease of \$8,717. Millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service. Debt Service Funds balances are reserved since they can only be used to pay debt service obligations.

Fund balance that was restricted for capital projects totaled \$3,290,237, restricted for debt service of \$349,447, restricted for Student and School Activities of \$262,845, and restricted for the food service fund totaled \$457,167. Fund balance of \$186,648 was assigned to fund 2021-2022 budget appropriations. The remaining amount of net position of \$2,081,804 was unrestricted.

General Fund Budgetary Highlights

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

There were revisions made to the 2020-21 General Fund original budget. Budgeted revenues were increased \$1,229,979 to reflect actual student count as well as final State and Federal funding amounts.

Budgeted expenditures were increased \$652,322 reflecting increases related to the COVID pandemic.

Actual expenditure variances were relatively consistent with the budget as noted on page 5-1 of the financial statements.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2021, the School District had \$13,493,012 invested in capital assets. This included a net increase during the past fiscal year of \$1,218,469 consisting of depreciation charges of \$551,682 and capital asset purchases of \$1,770,151. More detailed information about the School District's capital assets can be found in the notes to the financial statements section of this document.

Long-term Debt

At year end, the School District had total long-term debt of \$12,699,609. The School District continued to pay down its debt, retiring \$770,000 of outstanding bonds during the year. In addition, \$19,893 was amortized for bond premium and \$3,069 was amortized for bond discount during the year.

The School District's general obligation bond long term rating is AA and its underlying rating is A. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District

Centreville Public Schools
Management's Discussion and Analysis
June 30, 2021

issues "qualified debt," i.e., debt backed by the State of Michigan, such obligations are not subject to this debt limit. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Economic Factors and Next Year's Budget and Rates

The School District's budget for the 2022 fiscal year projects total revenues of \$8,859,601 and total expenditures of \$9,046,249. The School District continues to work to balance its expenditures while providing an excellent education to the District it serves.

Impacts of the Coronavirus Pandemic

The global coronavirus pandemic has created change and uncertainty for all Michigan Public School Districts. Since the duration and impact of the pandemic are not fully known, the financial impact on Centreville Public Schools is also uncertain at this time. When developing the 2021-2022 budget, Centreville Public Schools administration and Board of Education, using the best information available at the time, assumed that the pandemic would not negatively impact State school aid revenues and pupil enrollment.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact:

Business Department
Centreville Public Schools
190 Hogan Street
Centreville, MI 49032

BASIC FINANCIAL STATEMENTS

Centreville Public Schools
Statement of Net Position
June 30, 2021

	<u>Governmental Activities</u>
Assets	
Cash	\$ 7,873,318
Accounts receivable	81,686
Due from other governmental units	1,481,008
Inventory	15,596
Prepaid items	4,357
Capital assets not being depreciated	1,642,271
Capital assets – net of accumulated depreciation	<u>11,850,741</u>
Total assets	<u>22,948,977</u>
Deferred Outflows of Resources	
Deferred amount relating to the net pension liability	3,161,219
Deferred amount relating to the net OPEB liability	<u>1,089,508</u>
Total deferred outflows of resources	<u>4,250,727</u>

See Accompanying Notes to the Financial Statements

Centreville Public Schools
Statement of Net Position
June 30, 2021

	Governmental Activities
Liabilities	
Accounts payable	1,164,419
State aid anticipation note payable	950,000
Accrued expenditures	271,898
Accrued salaries payable	448,717
Unearned revenue	30,480
Long-term liabilities	
Due within one year	840,000
Due in more than one year	11,859,609
Net pension liability	14,524,114
Net OPEB liability	2,266,378
Total liabilities	32,355,615
Deferred Inflows of Resources	
Deferred amount relating to the net pension liability	766,700
Deferred amount relating to the net OPEB liability	1,793,151
Total deferred inflows of resources	2,559,851
Net Position	
Net investment in capital assets	4,188,151
Restricted for:	
Food service	366,615
Debt service	291,797
Unrestricted (deficit)	(12,562,325)
Total net position	\$ (7,715,762)

See Accompanying Notes to the Financial Statements

Centreville Public Schools
Statement of Activities
For the Year Ended June 30, 2021

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
Functions/Programs				
Governmental activities				
Instruction	\$ 5,881,989	\$ -	\$ 2,071,040	\$ (3,810,949)
Supporting services	3,426,699	322,895	228,559	(2,875,245)
Food services	692,207	11,757	625,385	(55,065)
Community services	316	-	216	(100)
Interest and fiscal charges on long-term debt	344,950	-	-	(344,950)
Depreciation (unallocated)	551,682	-	-	(551,682)
	<u>\$ 10,897,843</u>	<u>\$ 334,652</u>	<u>\$ 2,925,200</u>	<u>(7,637,991)</u>
Total governmental activities				
General revenues				
				839,723
				1,113,361
				5,931,483
				24,725
				<u>19,760</u>
				<u>7,929,052</u>
				291,061
				<u>(8,006,823)</u>
				<u>\$ (7,715,762)</u>

See Accompanying Notes to the Financial Statements

Centreville Public Schools
Governmental Funds
Balance Sheet
June 30, 2021

	General Fund	2020 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash	\$ 2,556,274	\$ 4,219,770	\$ 1,097,274	\$ 7,873,318
Accounts receivable	77,691	-	3,995	81,686
Due from other funds	15,032	-	83,635	98,667
Due from other governmental units	1,481,008	-	-	1,481,008
Inventory	-	-	15,596	15,596
Prepaid items	4,357	-	-	4,357
Total assets	<u>\$ 4,134,362</u>	<u>\$ 4,219,770</u>	<u>\$ 1,200,500</u>	<u>\$ 9,554,632</u>
Liabilities				
Accounts payable	\$ 142,747	\$ 952,319	\$ 69,353	\$ 1,164,419
State aid anticipation note payable	950,000	-	-	950,000
Due to other funds	83,635	-	15,032	98,667
Accrued expenditures	214,248	-	-	214,248
Accrued salaries payable	448,717	-	-	448,717
Unearned revenue	22,206	-	8,274	30,480
Total liabilities	<u>1,861,553</u>	<u>952,319</u>	<u>92,659</u>	<u>2,906,531</u>
Fund Balances				
Non-spendable				
Inventory	-	-	15,596	15,596
Prepaid items	4,357	-	-	4,357
Restricted for				
Food service	-	-	457,167	457,167
Debt service	-	-	349,447	349,447
Capital projects	-	3,267,451	22,786	3,290,237
Committed for student/school activities	-	-	262,845	262,845
Assigned for 2021-2022 budget appropriations	186,648	-	-	186,648
Unassigned	2,081,804	-	-	2,081,804
Total fund balances	<u>2,272,809</u>	<u>3,267,451</u>	<u>1,107,841</u>	<u>6,648,101</u>
Total liabilities and fund balances	<u>\$ 4,134,362</u>	<u>\$ 4,219,770</u>	<u>\$ 1,200,500</u>	<u>\$ 9,554,632</u>

See Accompanying Notes to the Financial Statements

Centreville Public Schools
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2021

Total fund balances for governmental funds	\$ 6,648,101
Total net position for governmental activities in the statement of net position is different because	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	
Capital assets not being depreciated	1,642,271
Capital assets - net of accumulated depreciation	11,850,741
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from the net pension liability	3,161,219
Deferred outflows of resources resulting from the net OPEB liability	1,089,508
Deferred inflows of resources resulting from the net pension liability	(766,700)
Deferred inflows of resources resulting from the net OPEB liability	(1,793,151)
Certain liabilities are not due and payable in the current period and are not reported in the funds	
Accrued interest	(57,650)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities	
Net pension liability	(14,524,114)
Net OPEB liability	(2,266,378)
Compensated absences	(104,511)
Bonds payable	<u>(12,595,098)</u>
Net position of governmental activities	<u>\$ (7,715,762)</u>

See Accompanying Notes to the Financial Statements

Centreville Public Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2021

	General Fund	2020 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Local sources	\$ 936,931	\$ 17,757	\$ 1,478,733	\$ 2,433,421
State sources	7,096,341	-	28,137	7,124,478
Federal sources	701,313	-	547,954	1,249,267
Interdistrict sources	379,114	-	2,624	381,738
Total revenues	<u>9,113,699</u>	<u>17,757</u>	<u>2,057,448</u>	<u>11,188,904</u>
Expenditures				
Current				
Education				
Instruction	5,358,533	-	-	5,358,533
Supporting services	2,863,473	-	258,274	3,121,747
Food services	-	-	630,605	630,605
Community services	316	-	-	316
Capital outlay	4,903	2,029,537	850	2,035,290
Debt service				
Principal	-	-	770,000	770,000
Interest and other expenditures	-	-	353,427	353,427
Total expenditures	<u>8,227,225</u>	<u>2,029,537</u>	<u>2,013,156</u>	<u>12,269,918</u>
Excess (deficiency) of revenues over expenditures	<u>886,474</u>	<u>(2,011,780)</u>	<u>44,292</u>	<u>(1,081,014)</u>
Other Financing Sources (Uses)				
Transfers in	9,292	-	5,797	15,089
Transfers out	(5,797)	-	(9,292)	(15,089)
Total other financing sources (uses)	<u>3,495</u>	<u>-</u>	<u>(3,495)</u>	<u>-</u>
Net change in fund balances	889,969	(2,011,780)	40,797	(1,081,014)
Fund balances – beginning	<u>1,382,840</u>	<u>5,279,231</u>	<u>1,067,044</u>	<u>7,729,115</u>
Fund balances – ending	<u>\$ 2,272,809</u>	<u>\$ 3,267,451</u>	<u>\$ 1,107,841</u>	<u>\$ 6,648,101</u>

See Accompanying Notes to the Financial Statements

Centreville Public 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, 2021

Net change in fund balances - Total governmental funds	\$ (1,081,014)
Total change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(551,682)
Capital outlay	1,770,151
Expenses are recorded when incurred in the statement of activities.	
Interest	(8,347)
Compensated absences	(50,833)
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.	
Net change in the net pension liability	(310,460)
Net change in the deferrals of resources related to the net pension liability	(688,011)
The statement of net position reports the net OPEB liability and deferred outflows of resources and deferred inflows related to the net OPEB liability and OPEB expense. However, the amount recorded on the governmental funds equals actual OPEB contributions.	
Net change in the net OPEB liability	808,698
Net change in the deferrals of resources related to the net OPEB liability	(384,265)
Bond and note proceeds and capital leases are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are recorded as liabilities and amortized in the statement of activities. When debt refunding occurs, the difference in the carrying value of the refunding debt and the amount applied to the new debt is reported the same as regular debt proceeds or repayments, as a financing source or expenditure in the governmental funds. However, in the statement of net position, debt refunding may result in deferred inflows of resources or deferred outflows of resources, which are then amortized in the statement of activities.	
Repayments of long-term debt	770,000
Amortization of premiums	19,893
Amortization of bond discount	(3,069)
Change in net position of governmental activities	\$ 291,061

See Accompanying Notes to the Financial Statements

Centreville Public Schools
Notes to the Financial Statements
June 30, 2021

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Centreville Public Schools (School District) conform to accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental units. The following is a summary of the School District’s significant accounting policies:

Reporting Entity

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District’s reporting entity, and which organizations are legally separate component units of the School District. The School District has no component units.

District-wide Financial Statements

The School District’s basic financial statements include both district-wide (reporting for the district as a whole) and fund financial statements (reporting the School District’s major funds). The district-wide financial statements categorize all non-fiduciary activities as either governmental or business type. All of the School District’s activities are classified as governmental activities.

The statement of net position presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The School District’s net position is reported in three parts (1) net Investment in capital assets, (2) restricted net position, and (3) unrestricted net assts. The School District first utilizes restricted resources to finance qualifying activities.

The statement of activities reports both the gross and net cost of each of the School District’s functions. The functions are also supported by general government revenues (property taxes and certain intergovernmental revenues). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). In creating the district-wide financial statements the School District has eliminated interfund transactions.

The district-wide focus is on the sustainability of the School District as an entity and the change in the School District’s net position resulting from current year activities.

Fund Financial Statements

Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, unrestricted state aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to

Centreville Public Schools
Notes to the Financial Statements
June 30, 2021

be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the district.

The School District reports the following major governmental funds:

General Fund – The General Fund is used to record the general operations of the School District pertaining to education and those operations not required to be provided for in other funds.

2020 Capital Projects Fund – The 2020 Capital Projects Fund is used to record bond and other revenues and the payments for related expenditures by the School District.

Additionally, the School District reports the following nonmajor funds:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The School District's Special Revenue Funds include the Food Service Fund and the Student/School Activities Fund.

Debt Service Fund – Debt Service Funds are used to record tax, interest, and other revenue and the payment of interest, principal, and other expenditures on long-term debt.

2014 Capital Projects Fund – The 2014 Capital Projects Fund is used to record bond and other revenues and the payments for related expenditures by the School District.

Assets, Liabilities and Equity

Receivables and Payables – Generally, outstanding amounts owed between funds are classified as “due from/to other funds”. These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

Property taxes and other receivables are shown net of an allowance for uncollectible amounts. The School District considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2021, the rates are as follows per \$1,000 of assessed value.

General Fund	
Non-principal residence exemption	18.00000
Commercial personal property	6.00000
Debt Service Funds	6.20000

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries.

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 14 or February 14. Collections are forwarded to the School District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by St. Joseph County and remitted to the School District by May 15.

Inventories and Prepaid Items – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed. Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in the governmental funds the School District follows the consumption method, and they therefore are capitalized as prepaid items in both district-wide and fund financial statements.

Capital Assets – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their acquisition value at the date of donation. The School

Centreville Public Schools
Notes to the Financial Statements
June 30, 2021

District defines capital assets as assets with an initial individual cost in excess of \$5,000 and an estimated useful life of five years or greater. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure assets.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	10 – 50 years
Buses and other vehicles	7 – 10 years
Furniture and equipment	10 years
Outside site improvements	20 years

Deferred Outflows of Resources – A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. For district-wide financial statements, the School District reports deferred outflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions and experience differences relating to the net pension and OPEB liabilities are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. The School District also reported deferred outflows of resources for pension and OPEB contributions made after the measurement date. This amount will reduce the net pension and OPEB liabilities in the following year.

Long-term Obligations – In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts.

In the School District's fund financial statements, the face amount of the debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses.

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.

Compensated Absences – School District employees are granted vacation and sick leave in varying amounts based on length of service. Unused vacation time and sick leave accumulate from year to year at varying rates, depending on the employees' applicable rate of pay and/or employment category. The liability for compensated absences includes salary-related payments.

Deferred Inflows of Resources – A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes

Centreville Public Schools
Notes to the Financial Statements
June 30, 2021

unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. For district-wide financial statements, the School District reports deferred inflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions and experience differences relating to the net pension and OPEB liabilities are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. Deferred inflows of resources also include revenue received relating to the amounts included in the deferred outflows for payments related to MPERS Unfunded Actuarial Accrued Liabilities (UAAL) Stabilization defined benefit pension statutorily required contributions.

Fund Balance – In the fund financial statements, governmental funds report fund balance in the following categories:

Non-spendable – amounts that are not available in a spendable form.

Restricted – amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

Committed – amounts that have been formally set aside by the Board of Education for specific purposes. A fund balance commitment may be established, modified, or rescinded by a resolution of the Board of Education.

Assigned – amounts intended to be used for specific purposes, as determined by the Board of Education. The board of education has granted the finance committee and Superintendent the authority to assign funds. Residual amounts in governmental funds other than the General Fund are automatically assigned by their nature.

Unassigned – all other resources; the remaining fund balances after

non-spendable, restrictions, commitments and assignments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the School District's policy is to consider restricted funds spent first.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the School District's policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

Use of Estimates

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

Eliminations and Reclassifications

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Upcoming Accounting and Reporting Changes

Statement No. 87, *Leases* increases the usefulness of the District's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee will be

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Notes to the Financial Statements
June 30, 2021

required to recognize a lease liability and an intangible right-to-use a lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the District's leasing activities. The requirements of this Statement are effective for the fiscal year ending June 30, 2022.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. It requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reporting in a business-type activity or enterprise fund. Interest cost incurred before the end of a construction period should be recognized as an expenditure for financial statements prepared using the current financial resources measurement. The requirements of this Statement are effective for the fiscal year ending June 30, 2022.

Statement No. 93, *Replacement of Interbank Offered Rates* establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments. The requirements of this Statement apply to the financial statements of all state and local governments. This statement is effective for the year ending June 30, 2022.

Statement No. 96, *Subscription-Based Information Technology Arrangements*, is based on the standards established in Statement No. 87 *Leases*. This statement (1) defines a SBITA as a contract that conveys control of the right to use a SBITA vendor's IT software, alone

or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction (2) requires governments with SBITAs to recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability, and (3) provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA. This statement is effective for the year ending June 30, 2023.

The School District is evaluating the impact that the above pronouncements will have on its financial reporting.

Note 2 – Stewardship, Compliance, Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the General and Special Revenue Funds. All annual appropriations lapse at fiscal yearend, thereby canceling all encumbrances. These appropriations are reestablished at the beginning of the year.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. State law requires the School District to have its budget in place by July 1. A district is not considered in violation of the law if reasonable procedures are in use by the School District to detect violations.

The Superintendent is authorized to transfer budgeted amounts between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education. Budgeted amounts are as originally adopted or as amended by the Board of Education throughout the year.

Excess of Expenditures over Appropriations

The School District's had no significant variances of expenditures

Centreville Public Schools
Notes to the Financial Statements
June 30, 2021

greater than appropriations for any function.

Compliance – Bond Proceeds

The 2020 Capital Projects Fund includes capital project activities funded with bonds issued after May 1, 1994. For these capital projects, management believes the School District has complied, in all material respects, with the applicable provisions of Section 1351a of the Revised School Code.

The following is a summary of the revenue and expenditures in the 2020 School Improvement Fund from the inception of the funds through the current fiscal year:

	2020 Capital Projects Fund
Revenues and other financing sources	\$ 5,390,875
Expenditures	2,123,424
Remainder to be spent	\$ 3,267,451

Note 3 – Deposits and Investments

The breakdown between deposits and investments for the School District is as follows:

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 7,873,188
Petty cash and cash on hand	130
Total	\$ 7,873,318

Interest rate risk – The School District does not have a formal investment policy to manage its exposure to fair value losses arising from changes in interest rates.

Credit risk – State statutes and the School District’s investment policy

authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers’ acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles.

Concentration of credit risk – The School District has no policy that would limit the amount that may be invested with any one issuer.

Custodial credit risk – deposits – In the case of deposits, this is the risk that in the event of a bank failure, the School District’s deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of year end, \$7,837,762 of the School District’s bank balance of \$8,084,762 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Centreville Public Schools
Notes to the Financial Statements
June 30, 2021

Note 4 – Capital Assets

A summary of the changes in governmental capital assets is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Construction in progress	\$ 18,209	\$ 1,642,271	\$ 18,209	\$ 1,642,271
Capital assets being depreciated				
Buildings and improvements	18,217,524	-	-	18,217,524
Buses and other vehicles	753,235	146,089	-	899,324
Furniture and equipment	3,178,252	-	-	3,178,252
Outside site improvements	903,699	-	-	903,699
Total capital assets being depreciated	23,052,710	146,089	-	23,198,799
Less accumulated depreciation for				
Buildings and improvements	6,878,554	368,213	-	7,246,767
Buses and other vehicles	448,654	54,232	-	502,886
Furniture and equipment	2,724,744	84,052	-	2,808,796
Outside site improvements	744,424	45,185	-	789,609
Total accumulated depreciation	10,796,376	551,682	-	11,348,058
Net capital assets being depreciated	12,256,334	(405,593)	-	11,850,741
Net capital assets	\$ 12,274,543	\$ 1,236,678	\$ 18,209	\$ 13,493,012

Depreciation expense amounted to \$551,682 and was not allocated to the various governmental activities, since capital assets benefit multiple activities and allocation is impractical.

Construction Commitments

The School District has approximately \$2.3 million remaining for construction commitments, where the full cost of the contract has not yet been incurred.

Note 5 – Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the components of unearned revenue are as follows:

Grant and categorical aid payments received prior to meeting all eligibility requirements	\$ 22,206
Prepaid student lunch fees	8,274
Total	\$ 30,480

Note 6 – Interfund Receivables, Payables, Transfers

At June 30, 2021, the School District had the following interfund receivables and payables:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Gov'tl Funds	\$ 15,032
Nonmajor Gov'tl Funds	General Fund	83,635
		\$ 98,667

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made. Management does not anticipate individual interfund balances to remain outstanding for periods in excess of one year.

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Interfund transfers consist of the following:

	Transfers Out		Total
	General Fund	Nonmajor Gov'tl Funds	
Transfers in			
General Fund	\$ -	\$ 9,292	\$ 9,292
Nonmajor Gov'tl Funds	5,797	-	5,797
	<u>\$ 5,797</u>	<u>\$ 9,292</u>	<u>\$ 15,089</u>

Transfers were made to reimburse indirect costs incurred in the general fund on behalf of food service. Additionally, the General Fund made transfers to the Food Service Fund in accordance with At-Risk grant allowances.

Note 7 – State Aid Anticipation Note

The School District issues state aid anticipation notes in advance of state aid collections, depositing the proceeds in the General Fund. These notes are necessary because the School District receives state aid from October through the following August for its fiscal year ending June 30th. The School District is required to pledge 100% of their state school aid, October through August, or until the note is repaid, whichever is longer. The State has discretion to accelerate repayment terms if they have cause for concern. If the note is in default status, there is a penalty interest rate that may apply.

Short-term debt activity for the year was as follows:

	Beginning Balance	Proceeds	Repayments	Ending Balance
State aid anticipation note	\$ 800,000	\$ 950,000	\$ 800,000	\$ 950,000

Note 8 – Long-Term Debt

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. The State can withhold state aid if it has to make a bond payment on behalf of the School District related to qualified bonds. Other long-term obligations include compensated absences.

Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Bonds payable					
General obligation bonds	\$ 12,895,000	\$ -	\$ 770,000	\$ 12,125,000	\$ 810,000
Bond premiums	522,343	-	19,893	502,450	-
Bond discounts	(35,421)	-	(3,069)	(32,352)	-
Total bonds payable	13,381,922	-	786,824	12,595,098	810,000
Other liabilities					
Compensated absences	53,678	81,947	31,114	104,511	30,000
Total	<u>\$ 13,435,600</u>	<u>\$ 81,947</u>	<u>\$ 817,938</u>	<u>\$ 12,699,609</u>	<u>\$ 840,000</u>

Centreville Public Schools
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General obligation bonds payable at yearend, consists of the following:

2014 Building & Site Bonds due in annual installments of \$100,000 to \$625,000 through May 1, 2028, interest at 2.00-3.75%.	\$	2,415,000
2015 Refunding Bonds due in annual installments of \$440,000 to \$500,000 through May 1, 2025, interest at 1.55-2.45%.		1,865,000
2017 Building & Site Bonds due in annual installments of \$100,000 to \$700,000 through May 1, 2032, interest at 3.00%.		2,840,000
2020 Building & Site Bonds due in annual installments of \$100,000 to \$1,135,000 through May 1, 2034, interest at 2.00-4.00%.		<u>5,005,000</u>
Total general obligation bonded debt	<u>\$</u>	<u>12,125,000</u>

Future principal and interest requirements for bonded debt are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 810,000	\$ 345,900	\$ 1,155,900
2023	850,000	327,850	1,177,850
2024	895,000	304,860	1,199,860
2025	945,000	279,418	1,224,418
2026	935,000	250,638	1,185,638
2027-2031	5,205,000	737,474	5,942,474
2032-2034	<u>2,485,000</u>	<u>82,800</u>	<u>2,567,800</u>
Total	<u>\$ 12,125,000</u>	<u>\$ 2,328,940</u>	<u>\$ 14,453,940</u>

For governmental activities compensated absences are primarily liquidated by the General Fund.

The general obligation bonds are payable from the Debt Service Funds. As of year end, the fund had a balance of \$349,447 to pay this debt. Future debt and interest will be payable from future tax levies.

Interest and related expenditures for the fiscal year in the Debt Service Fund was \$353,427.

Compensated Absences

Accrued compensated absences at year-end, consist of \$104,511 in accrued sick and vacation time benefits. The amount anticipated to be paid out over the next year is included within the amounts listed as due within one year.

Note 9 – Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) and certain medical benefits provided to employees. The School District has purchased commercial insurance for general liability, property and casualty and health and vision claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in the past three fiscal years.

The School District is subject to the Michigan Employment Security Act and has elected to pay unemployment claims on a direct self-insured basis. Under this method, the School District must reimburse the Employment Commission for all benefits charged against the School District. No provision has been made for possible future claims.

Note 10 – Pension Plan

Plan Description

The Michigan Public School Employees' Retirement System (System or MPERS) 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

Centreville Public Schools
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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 (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.

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 plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account if applicable. 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

Employers 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, 2017 valuation will be amortized over a 19-year period beginning Oct. 1, 2019 and ending Sept. 30, 2038.

The schedule below summarizes pension contribution rates in effect for plan year ended September 30, 2020.

Pension Contribution Rates		
Benefit Structure	Member	Employer
Basic	0.0 - 4.0%	13.39 - 19.41%
Member Investment Plan	3.0 - 7.0%	13.39 - 19.41%
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 School District were \$1,161,947 for the year ending September 30, 2020.

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

At June 30, 2021, the School District reported a liability of \$14,524,114 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2019. The School District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2020, the School District's proportion was .0423 percent, which was a decrease of .0006 percent from its proportion measured as of September 30, 2019.

For the plan year ending September 30, 2020, the School District recognized pension expense of \$2,264,377 for the measurement period. For the reporting period ending June 30, 2021, the School District recognized total pension contribution expense of \$1,270,097.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	\$ 221,917	\$ (31,000)	\$ 190,917
Changes of assumptions	1,609,412	-	1,609,412
Net difference between projected and actual earnings on pension plan investments	61,024	-	61,024
Changes in proportion and differences between the School District contributions and proportionate share of contributions	<u>88,197</u>	<u>(186,202)</u>	<u>(98,005)</u>
Total to be recognized in future	1,980,550	(217,202)	1,763,348
School District contributions subsequent to the measurement date	<u>1,180,669</u>	<u>(549,498)</u>	<u>631,171</u>
Total	<u>\$ 3,161,219</u>	<u>\$ (766,700)</u>	<u>\$ 2,394,519</u>

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. The District will offset the contribution expense in the year ended June 30, 2022 with the 147c supplemental income received subsequent to the measurement date which is included in the deferred inflows of resources. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be

Centreville Public Schools
Notes to the Financial Statements
June 30, 2021

recognized in pension expense as follows during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future Pension Expenses)	
2021	\$ 861,693
2022	554,917
2023	268,310
2024	78,428
	\$ 1,763,348

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:

- Valuation Date: September 30, 2019
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return:
 - MIP and Basic Plans: 6.80% net of investment expenses
 - Pension Plus Plan: 6.80% net of investment expenses
 - Pension Plus 2 Plan: 6.00% net of investment expenses
- 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 projection scale MP-2017 from 2006.
 - Active Members: Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2017 valuation. The total pension liability as of September 30, 2020, is based on the results of an actuarial valuation date of September 30, 2019, and rolled forward using generally accepted actuarial procedures, including the experience study.

The recognition period for liabilities is the average of the expected remaining service lives of all employees is 4.4892 years.

The recognition period for assets is 5 years.

Full actuarial assumptions are available in the 2020 MPSERS Comprehensive Annual Financial Report found on the ORS website at 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

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Notes to the Financial Statements
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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, 2020, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.6 %
Alternative Investment Pools	16.0	9.3
International Equity	15.0	7.4
Fixed Income Pools	10.5	0.5
Real Estate and Infrastructure Pools	10.0	4.9
Absolute Return Pools	9.0	3.2
Real Return/Opportunistic Pools	12.5	6.6
Short Term Investment Pools	2.0	(0.1)
	<u>100.0%</u>	

*Long-term rates of return are net of administrative expenses and 2.1% inflation.

Rate of Return

For the plan year ended September 30, 2020, the annual money-weighted rate of return on pension plan investment, net of pension 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.

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, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.80% (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan). 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 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 School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 6.80% (6.80% for the Pension plus plan, 6.0% for the Pension Plus 2 plan), as well as what the School 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 higher:

1% Decrease *	Current Single Discount Rate Assumption *	1% Increase *
5.80% / 5.80% / 5.00%	6.80% / 6.80% / 6.00%	7.80% / 7.80% / 7.00%
\$ 18,799,002	\$ 14,524,114	\$ 10,981,185

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

Michigan Public School Employees' Retirement System (MPERS) Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS Comprehensive Annual Financial Report, available on the ORS website at www.michigan.gov/orsschools.

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Payables to the Michigan Public School Employees' Retirement System (MPERS)

There were no significant payables to the pension plan that are not ordinary accruals to the School District.

Note 11 – Postemployment Benefits Other Than Pensions (OPEB)

Plan Description

The Michigan Public School Employees' Retirement System (System or MPERS) 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, 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.

Benefits Provided

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions.

Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning with 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 statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008 (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date. 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

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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

Employers 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, 2017 valuation will be amortized over a 19-year period beginning Oct. 1, 2019 and ending Sept. 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for plan year 2020.

OPEB Contribution Rates		
Benefit Structure	Member	Employer
Premium Subsidy	3.0%	8.09%
Personal Healthcare Fund (PHF)	0.0%	7.57%

Required contributions to the OPEB plan from the School District were \$298,894 for the year ended September 30, 2020.

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

At June 30, 2021, the School District reported a liability of \$2,266,378 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2019. The School District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2020, the School District's proportion was .0423 percent, which was a decrease of .0005 percent from its proportion measured as of September 30, 2019.

For the plan year ending September 30, 2020, the School District recognized OPEB expense of \$(71,755) for the measurement period. For the reporting period ending June 30, 2021, the School District recognized total OPEB contribution expense of \$316,900.

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Notes to the Financial Statements
June 30, 2021

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	\$ -	\$(1,688,664)	\$(1,688,664)
Changes of assumptions	747,270	-	747,270
Net difference between projected and actual earnings on OPEB plan investments	18,915	-	18,915
Changes in proportion and differences between the School District contributions and proportionate share of contributions	<u>46,132</u>	<u>(104,487)</u>	<u>(58,355)</u>
Total to be recognized in future	812,317	(1,793,151)	(980,834)
School District contributions subsequent to the measurement date	<u>277,191</u>	<u>-</u>	<u>277,191</u>
Total	<u>\$ 1,089,508</u>	<u>\$(1,793,151)</u>	<u>\$ (703,643)</u>

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows during the following plan years:

<u>Deferred (Inflow) and Deferred Outflow of Resources by Year</u> <u>(To Be Recognized in Future OPEB Expenses)</u>	
2021	\$ (259,597)
2022	(233,280)
2023	(197,990)
2024	(164,863)
2025	<u>(125,104)</u>
	<u>\$ (980,834)</u>

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:

- Valuation Date: September 30, 2019
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return: 6.95% net of investment expenses
- Projected Salary Increases: 2.75 – 11.55%, including wage inflation of 2.75%
- Healthcare Cost Trend Rate: 7.0% Year 1 graded to 3.5% Year 15; 3.0% Year 12

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Notes to the Financial Statements
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- 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 projection scale MP-2017 from 2006.
 - Active Members: Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection 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
- Coverage Election at Retirement: 75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2017 valuation. The total OPEB liability as of September 30, 2020, is based on the results of an actuarial valuation date of September 30, 2019, and rolled forward using generally accepted actuarial procedures, including the experience study.

The recognition period for liabilities is the average of the expected remaining service lives of all employees is 5.6018 years.

The recognition period for assets is 5 years

Full actuarial assumptions are available in the 2020 MPSERS Comprehensive Annual Financial Report found on the ORS website at 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, 2020, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.6 %
Alternative Investment Pools	16.0	9.3
International Equity	15.0	7.4
Fixed Income Pools	10.5	0.5
Real Estate and Infrastructure Pools	10.0	4.9
Absolute Return Pools	9.0	3.2
Real Return/Oppportunistic Pools	12.5	6.6
Short Term Investment Pools	2.0	(0.1)
	100.0%	

**Long-term rates of return are net of administrative expenses and 2.1% inflation.*

Centreville Public Schools
Notes to the Financial Statements
June 30, 2021

Rate of Return

For the plan year ended September 30, 2020, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 5.24%. 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 6.95% 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 School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the School District's proportionate share of the net OPEB liability calculated using the discount rate of 6.95%, as well as what the School 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 higher:

1% Decrease 5.95%	Current Discount Rate 6.95%	1% Increase 7.95%
\$ 2,911,421	\$ 2,266,378	\$ 1,723,307

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Healthcare Cost Trend Rate

The following presents the School District's proportionate share of the net OPEB liability calculated using assumed trend rates, as well as what the School 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:

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$ 1,702,514	\$ 2,266,378	\$ 2,907,705

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued MPSERS Comprehensive Annual Financial Report, available on the ORS website at www.michigan.gov/orsschools.

Payables to the OPEB Plan

There were no significant payables to the OPEB plan that are not ordinary accruals to the School District.

Note 12 – Contingent Liabilities

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time although the School District expects such amounts, if any, to be immaterial. A report on federal compliance has been issued for the year June 30, 2021.

Centreville Public Schools
Notes to the Financial Statements
June 30, 2021

Note 13 – Tax Abatements

The School District may receive reduced property tax revenues as a result of Industrial Facilities Tax exemptions and Brownfield Redevelopment Agreements granted by various municipalities within the area. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities; Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties

For the fiscal year ended June 30, 2021, the School District's property tax revenues were not reduced by a significant amount under these programs.

There are no significant abatements made by the School District.

REQUIRED SUPPLEMENTARY INFORMATION

Centreville Public Schools
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Revenues				
Local sources	\$ 879,795	\$ 930,153	\$ 936,931	\$ 6,778
State sources	6,443,341	7,057,140	7,096,341	39,201
Federal sources	254,036	809,101	701,313	(107,788)
Interdistrict sources	363,280	374,037	379,114	5,077
Total revenues	<u>7,940,452</u>	<u>9,170,431</u>	<u>9,113,699</u>	<u>(56,732)</u>
Expenditures				
Instruction				
Basic programs	4,125,040	4,297,545	4,282,536	(15,009)
Added needs	992,688	1,101,627	1,002,996	(98,631)
Adult and continuing education	75,029	71,808	73,001	1,193
Supporting services				
Pupil	128,297	175,965	171,610	(4,355)
Instructional staff	180,943	323,953	260,145	(63,808)
General administration	378,377	399,126	390,661	(8,465)
School administration	485,337	498,086	487,195	(10,891)
Business	152,573	150,196	131,256	(18,940)
Operations and maintenance	735,402	814,485	744,645	(69,840)
Pupil transportation services	273,364	264,506	229,134	(35,372)
Central	130,050	182,750	180,829	(1,921)
Athletic activities	282,518	283,351	267,998	(15,353)
Community services	18,628	2,086	316	(1,770)
Capital outlay	24,200	69,284	4,903	(64,381)
Total expenditures	<u>7,982,446</u>	<u>8,634,768</u>	<u>8,227,225</u>	<u>(407,543)</u>
Excess (deficiency) of revenues over expenditures	<u>(41,994)</u>	<u>535,663</u>	<u>886,474</u>	<u>350,811</u>
Other Financing Sources (Uses)				
Transfers in	9,000	9,000	9,292	292
Transfers out	(3,570)	(5,825)	(5,797)	(28)
Total other financing sources (uses)	<u>5,430</u>	<u>3,175</u>	<u>3,495</u>	<u>320</u>
Net change in fund balance	(36,564)	538,838	889,969	351,131
Fund balance - beginning	<u>1,382,840</u>	<u>1,382,840</u>	<u>1,382,840</u>	<u>-</u>
Fund balance – ending	<u>\$ 1,346,276</u>	<u>\$ 1,921,678</u>	<u>\$ 2,272,809</u>	<u>\$ 351,131</u>

Centreville Public Schools
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Measurement Date September 30th, of Each June Fiscal Year)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
A. School district's proportion of the net pension liability (%)	0.0423%	0.0429%	0.0431%	0.0426%	0.0410%	0.0381%	0.0412%			
B. School district's proportionate share of the net pension liability	\$ 14,524,114	\$ 14,213,654	\$ 12,967,295	\$ 11,036,146	\$ 10,230,908	\$ 9,301,534	\$ 9,079,578			
C. School district's covered payroll	\$ 3,746,145	\$ 3,746,379	\$ 3,736,118	\$ 3,595,315	\$ 3,608,129	\$ 3,299,022	\$ 3,514,975			
D. School district's proportionate share of the net pension liability as a percentage of its covered payroll	387.71%	379.40%	347.08%	306.96%	283.55%	281.95%	258.31%			
E. Plan fiduciary net position as a percentage of total pension liability	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%			

Note Disclosures

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2020.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2020.

Centreville Public Schools
Required Supplementary Information
Schedule of the School District's Pension Contributions
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years

	For the Years Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
A. Statutorily required contributions	\$ 1,270,097	\$ 1,140,186	\$ 1,174,587	\$ 673,300	\$ 665,350	\$ 650,080	\$ 640,189			
B. Contributions in relation to statutorily required contributions	<u>1,270,097</u>	<u>1,140,186</u>	<u>1,174,587</u>	<u>673,300</u>	<u>665,350</u>	<u>650,080</u>	<u>640,189</u>			
C. Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			
D. School district's covered payroll	\$ 3,821,324	\$ 3,765,392	\$ 3,726,405	\$ 3,734,031	\$ 3,564,821	\$ 3,426,888	\$ 3,322,285			
E. Contributions as a percentage of covered payroll	33.24%	30.28%	31.52%	18.03%	18.66%	18.97%	19.27%			

Centreville Public Schools
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Measurement Date September 30th, of Each June Fiscal Year)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
A. School district's proportion of the net OPEB liability (%)	0.0423%	0.0428%	0.0439%	0.0429%						
B. School district's proportionate share of the net OPEB liability	\$ 2,266,378	\$ 3,075,076	\$ 3,486,449	\$ 3,796,296						
C. School district's covered payroll	\$ 3,746,145	\$ 3,746,379	\$ 3,736,118	\$ 3,395,315						
D. School district's proportionate share of the net OPEB liability as a percentage of its covered payroll	60.50%	82.08%	93.32%	111.81%						
E. Plan fiduciary net position as a percentage of total OPEB liability	59.44%	48.46%	42.95%	36.39%						

Note Disclosures

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2020.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2020.

Centreville Public Schools
Required Supplementary Information
Schedule of the School District's OPEB Contributions
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years

	For the Years Ended June 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
A. Statutorily required contributions	\$ 316,900	\$ 294,155	\$ 284,697	\$ 288,550						
B. Contributions in relation to statutorily required contributions	<u>316,900</u>	<u>294,155</u>	<u>284,697</u>	<u>288,550</u>						
C. Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>						
D. School district's covered payroll	\$ 3,821,324	\$ 3,765,392	\$ 3,726,405	\$ 3,734,031						
E. Contributions as a percentage of covered payroll	8.29%	7.81%	7.64%	7.73%						

OTHER SUPPLEMENTARY INFORMATION

Centreville Public Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2021

	Special Revenue Funds		2014 Capital Projects Fund	Debt Service Fund	Total Nonmajor Governmental Funds
	Student/School Activity Fund	Food Service Fund			
Assets					
Cash	\$ 271,714	\$ 475,402	\$ 711	\$ 349,447	\$ 1,097,274
Accounts receivable	-	3,995	-	-	3,995
Due from other funds	-	61,560	22,075	-	83,635
Inventory	-	15,596	-	-	15,596
Total assets	<u>\$ 271,714</u>	<u>\$ 556,553</u>	<u>\$ 22,786</u>	<u>\$ 349,447</u>	<u>\$ 1,200,500</u>
Liabilities					
Accounts payable	\$ 3,129	\$ 66,224	\$ -	\$ -	\$ 69,353
Due to other funds	5,740	9,292	-	-	15,032
Unearned revenue	-	8,274	-	-	8,274
Total liabilities	<u>8,869</u>	<u>83,790</u>	<u>-</u>	<u>-</u>	<u>92,659</u>
Fund Balances					
Non-spendable					
Inventory	-	15,596	-	-	15,596
Restricted for					
Food service	-	457,167	-	-	457,167
Debt service	-	-	-	349,447	349,447
Capital projects	-	-	22,786	-	22,786
Committed for student/school activities	262,845	-	-	-	262,845
Total fund balances	<u>262,845</u>	<u>472,763</u>	<u>22,786</u>	<u>349,447</u>	<u>1,107,841</u>
Total liabilities and fund balances	<u>\$ 271,714</u>	<u>\$ 556,553</u>	<u>\$ 22,786</u>	<u>\$ 349,447</u>	<u>\$ 1,200,500</u>

Centreville Public Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2021

	Special Revenue Funds		2014 Capital Projects Fund	Debt Service Fund	Total Nonmajor Governmental Funds
	Student/School Activity Fund	Food Service Fund			
Revenues					
Local sources	\$ 304,821	\$ 62,158	\$ 35	\$ 1,111,719	\$ 1,478,733
State sources	-	25,146	-	2,991	28,137
Federal sources	-	547,954	-	-	547,954
Interdistrict sources	-	2,624	-	-	2,624
Total revenues	<u>304,821</u>	<u>637,882</u>	<u>35</u>	<u>1,114,710</u>	<u>2,057,448</u>
Expenditures					
Current					
Education					
Supporting services	258,274	-	-	-	258,274
Food services	-	630,605	-	-	630,605
Capital outlay	-	-	850	-	850
Debt service					
Principal	-	-	-	770,000	770,000
Interest and other expenditures	-	-	-	353,427	353,427
Total expenditures	<u>258,274</u>	<u>630,605</u>	<u>850</u>	<u>1,123,427</u>	<u>2,013,156</u>
Excess (deficiency) of revenues over expenditures	<u>46,547</u>	<u>7,277</u>	<u>(815)</u>	<u>(8,717)</u>	<u>44,292</u>
Other Financing Sources (Uses)					
Transfers in	-	5,797	-	-	5,797
Transfers out	-	(9,292)	-	-	(9,292)
Total other financing sources (uses)	<u>-</u>	<u>(3,495)</u>	<u>-</u>	<u>-</u>	<u>(3,495)</u>
Net change in fund balances	46,547	3,782	(815)	(8,717)	40,797
Fund balances – beginning	<u>216,298</u>	<u>468,981</u>	<u>23,601</u>	<u>358,164</u>	<u>1,067,044</u>
Fund balances – ending	<u>\$ 262,845</u>	<u>\$ 472,763</u>	<u>\$ 22,786</u>	<u>\$ 349,447</u>	<u>\$ 1,107,841</u>

Centreville Public Schools
Other Supplementary Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2021

Year Ending June 30,	2014 Building & Site	2015 Refunding	2017 Building & Site	2020 Building & Site	Total
2022	\$ 100,000	\$ 500,000	\$ 110,000	\$ 100,000	\$ 810,000
2023	140,000	470,000	115,000	125,000	850,000
2024	170,000	455,000	115,000	155,000	895,000
2025	200,000	440,000	120,000	185,000	945,000
2026	580,000	-	180,000	175,000	935,000
2027	600,000	-	185,000	185,000	970,000
2028	625,000	-	185,000	200,000	1,010,000
2029	-	-	700,000	340,000	1,040,000
2030	-	-	695,000	385,000	1,080,000
2031	-	-	335,000	770,000	1,105,000
2032	-	-	100,000	1,015,000	1,115,000
2033	-	-	-	1,135,000	1,135,000
2034	-	-	-	235,000	235,000
Total	<u>\$ 2,415,000</u>	<u>\$ 1,865,000</u>	<u>\$ 2,840,000</u>	<u>\$ 5,005,000</u>	<u>\$ 12,125,000</u>
Principal payments due the first day of	May	May	May	May	
Interest payments due the first day of	May and November	May and November	May and November	May and November	
Interest rate	2.00% - 3.75%	1.55% - 2.450%	3.00%	2.00% - 4.00%	
Original issue	<u>\$ 3,340,000</u>	<u>\$ 4,545,000</u>	<u>\$ 3,360,000</u>	<u>\$ 5,005,000</u>	

Centreville Public Schools

Single Audit Report

June 30, 2021



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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*

Independent Auditors' Report

Members of the Board of Education
Centreville Public Schools
Centreville, Michigan

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 Centreville Public Schools, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Centreville Public Schools' basic financial statements, and have issued our report thereon dated October 22, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Centreville Public Schools' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Centreville Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Centreville Public 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.

Compliance and Other Matters

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

Purpose of this Report

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

Yeo & Yeo, P.C.

Kalamazoo, Michigan
October 22, 2021



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Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditors' Report

Members of the Board of Education
Centreville Public Schools
Centreville, Michigan

Report on Compliance for Each Major Federal Program

We have audited Centreville Public 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 Centreville Public Schools' major federal programs for the year ended June 30, 2021. Centreville Public 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 Centreville Public 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 Centreville Public 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 Centreville Public Schools' compliance.

Opinion on Each Major Federal Program

In our opinion, Centreville Public 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, 2021.

Report on Internal Control over Compliance

Management of Centreville Public 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 Centreville Public Schools' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Centreville Public Schools' internal control over compliance.

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Centreville Public Schools, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Centreville Public Schools' basic financial statements. We issued our report thereon dated October 22, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Yeo & Yeo, P.C.

Kalamazoo, Michigan
October 22, 2021

Centreville Public Schools
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor Pass Through Grantor Program Title Grant Number	Assistance Listing Number	Award Grant Entitlement Program Amount	Accrued (Unearned) Revenue July 1, 2020	Prior Year Expenditures	Current Year Expenditures	Current Year Cash Payments/ In Kind Received	Adjustments	Accrued (Unearned) Revenue June 30, 2021
U.S. DEPARTMENT OF AGRICULTURE								
Child Nutrition Cluster								
Passed through Michigan Department of Education								
Non-Cash Assistance								
Entitlement Commodities								
	10.555	\$ 24,750	\$ -	\$ -	\$ 24,750	\$ 24,750	\$ -	\$ -
Cash Assistance								
National School Lunch Program								
COVID-19 - 200902								
	10.555	619,840	149,584	619,840	-	149,584	-	-
Summer Food Service Program								
COVID-19 - 200900								
	10.559	66,739	-	-	66,739	66,739	-	-
COVID-19 - 210904								
		456,465	-	-	456,465	456,465	-	-
Total Summer Food Service Program								
		523,204	-	-	523,204	523,204		-
Total Cash Assistance								
		1,143,044	149,584	619,840	523,204	672,788	-	-
Total Child Nutrition Cluster/U.S. Department of Agriculture								
		1,167,794	149,584	619,840	547,954	697,538	-	-
U.S. DEPARTMENT OF TREASURY								
Passed through the Michigan Department of Education								
Coronavirus Relief Funds								
COVID-19 - Coronavirus Relief Funds								
	21.019	293,038	-	-	270,832	293,038	-	(22,206)
COVID-19 - District COVID Costs								
		10,315	-	-	10,315	10,315	-	-
Passed through Michigan Association of Intermediate School Administrators								
COVID-19 - Device Purchasing Program								
		29,896	-	-	29,896	29,896	-	-
Total Coronavirus Relief Funds/U.S. Department of Treasury								
		333,249	-	-	311,043	333,249	-	(22,206)
U.S. DEPARTMENT OF EDUCATION								
Passed through the Michigan Department of Education								
Title I, Part A - Grants to Local Educational Agencies								
201530-1920								
	84.010	112,143	30,529	98,135	-	30,529	-	-
211530-2021								
		123,387	-	-	104,488	90,116	-	14,372
Total Title I, Part A - Grants to Local Educational Agencies								
		235,530	30,529	98,135	104,488	120,645	-	14,372
Passed through the Michigan Department of Education								
Title II, Part A Supporting Effective Instruction State Grants								
200520-1920								
	84.367	38,710	4,172	34,719	-	4,172	-	-
210520-2021								
		27,591	-	-	12,406	10,031	-	2,375
Total Title II, Part A Supporting Effective Instruction State Grants								
		66,301	4,172	34,719	12,406	14,203	-	2,375
Passed through the Michigan Department of Education								
Title IV Part A Student Support and Academic Enrichment Program								
200750-1920								
	84.424	14,315	6,043	14,315	-	6,043	-	-
210750-2021								
		10,000	-	-	9,043	6,325	-	2,718
Total Title IV, Part A Student Support and Academic								
		24,315	6,043	14,315	9,043	12,368	-	2,718

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

Centreville Public Schools
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor Pass Through Grantor Program Title Grant Number	Assistance Listing Number	Award Grant Entitlement Program Amount	Accrued (Unearned) Revenue July 1, 2020	Prior Year Expenditures	Current Year Expenditures	Current Year Cash Payments/ In Kind Received	Adjustments	Accrued (Unearned) Revenue June 30, 2021
Passed through the Michigan Department of Education								
Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act								
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER I) 203710-1920	84.425D	83,762	-	-	83,762	83,762	-	-
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER Equity) 203720-1920	84.425D	13,401	-	-	13,401	13,401	-	-
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER II) 213712-2021	84.425D	164,617	-	-	164,617	-	-	164,617
Total Education Stabilization Fund		261,780	-	-	261,780	97,163	-	164,617
TOTAL U.S. DEPARTMENT OF EDUCATION		587,926	40,744	147,169	387,717	244,379	-	184,082
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES								
Passed through St. Joseph County ISD								
Medicaid Cluster								
Medical Assistance Program 19-20	93.778	2,931	1,620	2,931	-	1,620	-	-
20-21		2,553	-	-	2,553	2,553	-	-
Total Medicaid Cluster		5,484	1,620	2,931	2,553	4,173	-	-
TOTAL FEDERAL AWARDS		\$ 2,094,453	\$ 191,948	\$ 769,940	\$ 1,249,267	\$ 1,279,339	\$ -	\$ 161,876

Centreville Public Schools
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2021

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Centreville Public Schools under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of Centreville Public Schools, it is not intended to and does not present the financial position or changes in financial positions of Centreville Public Schools.

Note 2 – Summary of Significant Accounting Policies

Expenditures

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in the Uniform Guidance where certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate

Centreville Public Schools has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3 – Reconciliation to the Financial Statements

The federal revenues per the financial statements are in agreement with the Schedule.

Note 4 – Subrecipients

No amounts were provided to subrecipients.

Note 5 – Michigan Department of Education Disclosures

The federal amounts reported on the grant auditor report are in agreement with the Schedule, except for the following difference that was disbursed per the GAR during the year ended June 30, 2020, but not received by the district until the subsequent year.

<u>AL #</u>	<u>Grant</u>	<u>Disbursed per GAR</u>	<u>Received per SEFA</u>	<u>Difference</u>
84.010	201530-1920	\$ 11,565	\$ 30,529	18,964

The amounts reported on the recipient entitlement balance report agree with the schedule of expenditures of federal awards for U.S.D.A. donated food commodities.

Centreville Public Schools
Schedule of Findings and Questioned Costs
June 30, 2021

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued on whether the financial statements were prepared in accordance with Generally Accepted Accounting Principles:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(s) identified that are not considered to be material weaknesses? _____ Yes X None Reported
- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(s) identified that are not considered to be material weaknesses? _____ Yes X None Reported

Type of auditors’ report issued on compliance for major programs:

Unmodified

- Any audit findings disclosed that are required to be reported in accordance with §200.516(a)? _____ Yes X No

Identification of major programs:

Assistance Listing Number(s)

Name of Federal Program or Cluster

21.019	Coronavirus Relief Fund
84.425D	Educational Stabilization Fund

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

- Auditee qualified as low-risk auditee? _____ Yes X No

Centreville Public Schools
Schedule of Findings and Questioned Costs
June 30, 2021

SECTION II – GOVERNMENT AUDITING STANDARDS FINDINGS

There were no *Government Audit Standards* findings for the year ended June 30, 2021.

SECTION III – FEDERAL AWARD FINDINGS

There were no findings or questioned costs for Federal Awards for the year ended June 30, 2021.

Centreville Public Schools
Summary Schedule of Prior Audit Findings
June 30, 2021

SECTION IV – PRIOR AUDIT FINDINGS

There were no findings for the year ended June 30, 2020.

October 22, 2021

Management and the Board of Education
Centreville Public Schools
Centreville, Michigan

We have completed our audit of the financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Centreville Public Schools as of and for the year ended June 30, 2021, and have issued our report dated October 22, 2021. We are required to communicate certain matters to you in accordance with auditing standards generally accepted in the United States of America that are related to internal control and the audit.

Our communication includes the following appendices:

- I. Auditors' Communication of Significant Matters with Those Charged with Governance
- II. Matters for Management's Consideration

Matters for management's consideration are not required to be communicated but we believe are valuable for management.

We discussed these matters with various personnel in the School District during the audit and with management. We would also be pleased to meet with you to discuss these matters at your convenience.

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

Yeo & Yeo, P.C.

Kalamazoo, Michigan

Appendix I

Auditors' Communication of Significant Matters with Those Charged with Governance

Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, and *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated June 9, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the School District are described in the footnotes of the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year.

We noted no transactions entered into by the School District during the year where there is lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

- The useful lives of its capital assets. Useful lives are estimated based on the expected length of time during which the asset is able to deliver a given level of service.
- Net pension liability, and related deferred outflows of resources and deferred inflows of resources. The estimate is based on an actuarial report.
- Net OPEB liability, and related deferred outflows of resources and deferred inflows of resources. The estimate is based on an actuarial report.

We have evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole and free from bias.

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

Accounting Standards and Regulatory Updates

Accounting Standards

The Governmental Accounting Standards Board has released additional Statements. Details regarding these Statements are described in Note 1 of the financial statements.

The School District is evaluating the impact the above pronouncements will have on its financial reporting.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require that the auditor accumulate all known and likely misstatements identified during the audit, other than those the auditor believes to be trivial. The adjustments identified during the audit have been communicated to management and management has posted all adjustments.

In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

There were no known uncorrected misstatements that were more than trivial.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditors' report. We are pleased to report we had no such disagreements with management during the audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated as of the date of the audit report.

Management's Consultations with Other Accountants

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

Other Audit Findings or Issues

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

Other Reports

Other information that is required to be reported to you is included in the: 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*; Independent Auditors' Report on Compliance For Each Major Federal Program; Independent Auditors' Report on Internal Control Over Compliance; Independent Auditors' Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance; and the Schedule of Findings and Questioned Costs. Please read all information included in those reports to ensure you are aware of relevant information.

Report on Required Supplementary Information

We applied certain limited procedures to management's discussion and analysis and the remaining required supplementary information (RSI) as described in the table of contents of the financial statements that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of

the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Report on Other Supplementary Information

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

Appendix II Matters for Management's Consideration

In planning and performing our audit of the financial statements of Centreville Public Schools as of and for the year ended June 30, 2021, we considered the School District's internal control over financial reporting (internal control) as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

However, during our audit we became aware of several matters for management's consideration that are opportunities for strengthening internal controls and ensuring compliance with regulations. This letter does not affect our report dated October 22, 2021, on the financial statements of Centreville Public Schools. Our comments and recommendations regarding those matters are:

Grant Budgeting

We noted that the budgeted figures for certain grants were included in accounts that did not contain that grant's account code. Overall, the grant purchases were budgeted for, but the budgeted figures were not segregated into the respective grant accounts. Management notes this is largely due to manual journal entries which moved costs into different accounts during the year. We recommend that the district ensures that grant budgets in the system match the approved grant budgets exactly.

Net Cash Resources

As a result of the COVID-19 pandemic and flexibilities awarded related to eligibility and food distribution, meal claim revenues were in excess of anticipated amounts. A proportional increase to expenditures did not occur, resulting in the continuation of net cash resources exceeding the three-month average expenditure requirement included in the federal regulations. The noncompliance has not been determined to be material to the federal program or the financial statements, as it has not resulted in questioned costs, or negatively impact the program; as the District is actively working on using the funds to enhance the program. However, the District must continue to take action to return to compliance. they may reduce lunch prices in a manner that is consistent with the paid lunch equity provisions, improve food quality, or take other action designed to improve the program. We recommend that Districts look at possible enhancements to the program in order to develop a spend down plan to return to compliance with this requirement.

Interfund Payables

We noted that the General Fund owed money to a bond-funded capital project fund. These deposits are required to be kept separate from other resources and should not be used by other funds for any purposes. We recommend the capital project fund is made whole immediately and that these resources are not used for any other purposes in the future.