HOMER COMMUNITY SCHOOLS

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

YEAR ENDED JUNE 30, 2021

Certified Public Accountants
Business & Technology Advisors

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Homer Community Schools

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated October 7, 2021 on our consideration of Homer Community 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 Homer Community Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Homer Community Schools' internal control over financial reporting and compliance.

Maner Costerisan PC

October 7, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Homer Community Schools' (HCS) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2021. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

The District's general fund balance increased by approximately $544,000 to a total of $1,193,630 as of June 30, 2021. The fund balance increase was primarily the result of increased state foundation revenue and usage of federal grant monies.

The District continues to participate in short-term loans, borrowing $2,000,000 for 2021, against anticipated state aid payments. The District will borrow $2,000,000 for the 2022 fiscal year.

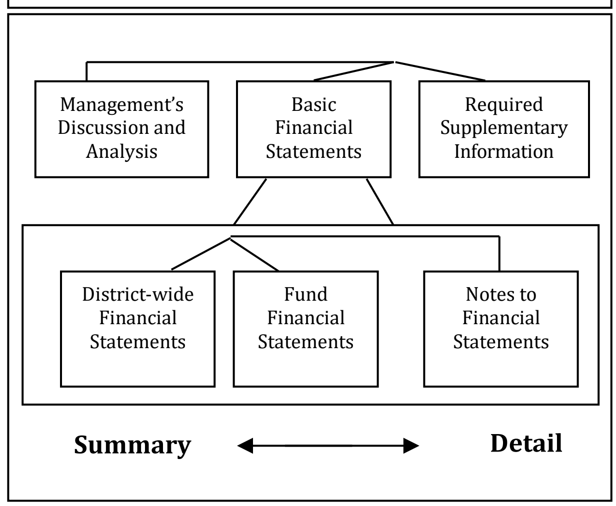
The food service fund balance increased by approximately $77,000 in the 2020 - 2021 school year. This increase was due to maximizing federal grant revenues and decreasing staff costs.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide notes to financial statements.
- The governmental funds statements tell how basic services like instruction and support services were financed in the short-term as well as what remains for future spending.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

Figure A-1
Organization of Homer Community Schools' Annual Financial Report



The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-2
Major Features of District-Wide and Fund Financial Statements

	District-wide Statements	Fund Financial Statements: Governmental Funds	Fund Financial Statements: Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance.	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	* Statement of net position * Statement of activities	* Balance sheet * Statement of revenues, expenditures and changes in fund balances	* Statement of fiduciary net position * Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term, Homer's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

DISTRICT-WIDE STATEMENTS

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred outflows, deferred inflows, and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how they have changed. Net position - the difference between the District's assets, deferred outflows, deferred inflows and liabilities - are one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements, the District's activities:

- Governmental activities - Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state formula aid finance most of these activities.

FUND FINANCIAL STATEMENTS

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

- Some funds are required by state law and by bond covenants.

- The District establishes other funds to control and manage money for particular purposes (like repaying debt, and its capital projects fund) or to show that it is properly using certain revenues (like food service).

The District has two kinds of funds:

- Governmental funds - Most of the 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 District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, we provide additional information with the governmental funds statements that explain the relationship (or differences) between them.

- Fiduciary funds - Fiduciary funds are for assets that belong to others, such as certain student activities funds where the District is the trustee or fiduciary. The District cannot use these assets to finance its operations, but it is responsible to ensure that these funds are used for their intended purposes. Only measurable and currently available funds are reported. Liabilities to beneficiaries are recognized when an event has occurred that compels the District to disburse fiduciary resources.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position - The District's net position (deficit) changed as follows.

Table A-3
Homer Community Schools
Net Position

	2021	2020
Current and other assets	$ 5,460,899	$ 3,585,800
Capital assets and other	19,856,096	20,578,103
Total assets	25,316,995	24,163,903
Deferred outflows of resources	5,903,707	7,031,560
Long-term obligations outstanding	17,066,138	17,162,446
Net other postemployment benefits liability	3,081,828	4,388,939
Net pension liability	20,301,366	20,098,385
Other liabilities	3,035,454	2,227,990
Total liabilities	43,484,786	43,877,760
Deferred inflows of resources	3,806,079	3,300,760
Net position		
Net investment in capital assets	3,689,082	4,132,446
Restricted for debt service	440,363	103,287
Unrestricted	(20,199,608)	(20,218,790)
Total net position	$ (16,070,163)	$ (15,983,057)

Table A-4 Changes in Homer Community Schools' Net Position				
		2021		2020
Revenues				
Program revenues				
Charges for services	$	50,185	$	159,317
Operating grants and contributions		3,430,488		3,209,956
General revenues				
Property taxes		1,484,975		1,428,649
Investment earnings		264		12,435
State aid - unrestricted		7,560,600		7,240,356
ISD		722,794		507,159
Other		91,663		96,253
Total revenues		13,340,969		12,654,125
Expenses				
Instruction		7,118,919		7,247,568
Support services		4,187,203		4,296,935
Community services		31,999		46,460
Food services		538,199		581,884
Student / school activities		48,603		232,016
Interest on long-term debt		712,265		862,402
Unallocated depreciation		790,887		779,572
Total expenses		13,428,075		14,046,837
Change in net position	$	(87,106)	$	(1,392,712)

District Governmental Activities

The District’s financial condition has been impacted by a number of factors.

- The State Foundation Allowance remained at $8,111 per student in 2020 and 2021.
- Full-time equivalent students enrolled in the District increased from 991 in 2020 to 992 in 2021 after a decrease in the prior year. Homer Community Schools does participate in School of Choice and Open Enrollment to attract new students to the District.
- The District’s payment into Michigan Public School Employees’ Retirement System (MPSERS) averaged 38.16% of qualified wages in 2021. 12.41% of this cost was offset by State categorical revenues.
- Most District employees received wage increase of 0.75% in 2020 and teachers also received salary schedule step increases.
- The District has implemented planned cost cutting activities to keep pace with minimal revenue increases and rising employee benefit costs.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District as a whole has a combined fund balance of $2.47 million compared to $1.42 million in 2020. The combined fund balance increased primarily due to additional federal grants. The general fund increased its fund balance by $543,690, major debt service funds increased by $348,306, and other non-major governmental funds increased by $161,264 (food service, school / student activities, and capital projects).

General Fund and Budget Highlights

During the 2021 fiscal year the original District budget was amended to reflect changes which affected the District. These changes included adjustments for the final student count, adjustments to the State revenue projections and the final determination of grant awards.

The final amended budget projected revenues exceeding expenditures by $296,918. Final results showed that revenues came in $191,012 higher than anticipated and expenditures were more than anticipated by $25,331. The net result after other financing sources (uses) was a change in fund balance of $543,690, increasing the fund balance to $1,193,630.

Overall, the difference between the final District's amended budget and end of the year figures amounted to a $246,772 variance. The majority of this variance was due to the uncertainty of the State of Michigan economic conditions in place at the time of the final budget adoption and the potential impact on state aid funding.

CAPITAL ASSET AND OBLIGATION ADMINISTRATION

Capital Assets

The District's capital assets are as follows:

Table A-5
Homer Community Schools' Capital Assets

	2021			2020
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	$ 15,000	$ -	$ 15,000	$ 15,000
Buildings and improvements	27,910,189	8,772,811	19,137,378	19,721,242
Technology	603,177	510,501	92,676	101,830
Furniture and fixtures	903,601	670,967	232,634	322,275
Machinery and equipment	806,867	655,541	151,326	145,072
Transportation equipment	903,611	676,529	227,082	272,684
Total	$ 31,142,445	$ 11,286,349	$ 19,856,096	$ 20,578,103

The capital asset additions in 2021 consisted of the updates to parking lot, bus camera systems, and other equipment all placed into service during the year.

LONG-TERM OBLIGATIONS

At year end the District had $17,036,618 of long-term obligations outstanding as shown in Table A-6. More detailed information is available in the notes to the financial statements.

The District borrows from the School Loan Revolving Fund in order to make debt service payments in excess of the 7.0 mill tax levy. The current outstanding balance excluding interest is $1,568,226 at the end of fiscal year 2021, which includes the addition of $904,456 during the year. Principal and interest are considered long-term. Accrued interest is an additional $29,520. During the year the District refunded the 2011 Series B bonds. The refunding caused the District's overall long-term debt to decrease by approximately $90,000.

Table A-6
Homer Community Schools
Outstanding Long-Term Obligations

	2021	2020
General obligation bonds	$ 14,941,252	$ 16,021,212
Notes from direct borrowings and direct placements	1,568,226	663,770
Compensated absences and termination benefits	527,140	473,549
	$ 17,036,618	$ 17,158,531

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that could significantly affect its financial health in the future:

- The State School Aid Budget has been approved with a significant increase to the foundation allowance moving from $8,111 to $8,700. However uncertainty with regards to financial economic conditions in the State of Michigan could jeopardize maintaining this increase long term.

- Student count is projected to continue showing a slight decrease in 2021 - 2022 as the State-wide birth rate has declined. The student count may be further impacted as families decide not to return to school in the midst of the COVID 19 pandemic and additional variants becoming known.

- The District expects to incur significant expenditures for personal protective equipment, cleaning and sanitizing products and other health protection measures as a result of the COVID 19 pandemic and it is unknown at this time if the federal government will continue to provide federal grants to help offset these expenditures.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Business Office, Homer Community Schools, 403 S. Hillsdale St., Homer, Michigan 49245.

BASIC FINANCIAL STATEMENTS

HOMER COMMUNITY SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 1,623,980
Investments	1,628,759
Receivables	
Accounts receivable	2,185
Intergovernmental receivable	2,174,931
Inventories	11,190
Prepaid expenses	19,854
Capital assets not being depreciated	15,000
Capital assets, net of accumulated depreciation	19,841,096
TOTAL ASSETS	25,316,995
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refunding, net of amortization	103,139
Related to other postemployment benefits	1,517,336
Related to pensions	4,283,232
TOTAL DEFERRED OUTFLOWS OF RESOURCES	5,903,707
LIABILITIES	
Accounts payable	442
Accrued salaries and related items	494,777
Accrued retirement	336,877
Accrued interest	59,031
Due to other governmental units	33,381
Unearned revenue	110,946
Note payable	2,000,000
Noncurrent liabilities	
Due within one year	1,345,766
Due in more than one year	15,690,852
Accrued interest due in more than one year	29,520
Net other postemployment benefits liability	3,081,828
Net pension liability	20,301,366
TOTAL LIABILITIES	43,484,786
DEFERRED INFLOWS OF RESOURCES	
Related to other postemployment benefits	2,592,732
Related to pensions	462,014
Related to state aid funding for pension	751,333
TOTAL DEFERRED INFLOWS OF RESOURCES	3,806,079
NET POSITION	
Net investment in capital assets	3,689,082
Restricted for debt service	440,363
Unrestricted	(20,199,608)
TOTAL NET POSITION	$ (16,070,163)

See notes to financial statements.

HOMER COMMUNITY SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Governmental Activities: Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	$ 7,118,919	$ 17,757	$ 1,923,182	$ (5,177,980)
Support services	4,187,203	31,075	393,000	(3,763,128)
Community services	31,999	-	14,131	(17,868)
Food services	538,199	1,353	640,760	103,914
Student/school activities	48,603	-	66,671	18,068
Interest on long-term debt	712,265	-	392,744	(319,521)
Unallocated depreciation	790,887	-	-	(790,887)
Total governmental activities	$ 13,428,075	$ 50,185	$ 3,430,488	(9,947,402)
General revenues				
Property taxes, levied for general purposes				505,200
Property taxes, levied for debt service				979,775
Investment earnings				264
State sources				7,560,600
Intermediate sources				722,794
Other				91,663
Total general revenues				9,860,296
CHANGE IN NET POSITION				(87,106)
NET POSITION, beginning of year				(15,983,057)
NET POSITION, end of year				$ (16,070,163)

See notes to financial statements.

HOMER COMMUNITY SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Combined Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 1,251,194	$ 85,984	$ 286,802	$ 1,623,980
Investments	958,864	151,943	517,952	1,628,759
Receivables				
Accounts receivable	2,185	-	-	2,185
Intergovernmental receivable	2,001,822	-	173,109	2,174,931
Due from other funds	243,722	295,819	9,298	548,839
Inventories	-	-	11,190	11,190
Prepaid expenditures	19,854	-	-	19,854
TOTAL ASSETS	$ 4,477,641	$ 533,746	$ 998,351	$ 6,009,738
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ -	$ -	$ 442	$ 442
Accrued salaries and related items	494,777	-	-	494,777
Accrued retirement	336,877	-	-	336,877
Accrued interest	12,703	-	-	12,703
Due to other funds	303,072	17,535	228,232	548,839
Due to other governmental units	33,381	-	-	33,381
Unearned revenue	103,201	-	7,745	110,946
Note payable	2,000,000	-	-	2,000,000
TOTAL LIABILITIES	3,284,011	17,535	236,419	3,537,965

See notes to financial statements.

	General Fund	Combined Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
LIABILITIES AND FUND BALANCES (continued)				
FUND BALANCES				
Nonspendable				
Inventories	$ -	$ -	$ 11,190	$ 11,190
Prepaid expenditures	19,854	-	-	19,854
Restricted for:				
Debt service	-	516,211	-	516,211
Food service	-	-	228,130	228,130
Committed for student/school activities	-	-	217,126	217,126
Assigned for:				
Capital projects	-	-	305,486	305,486
Unassigned	1,173,776	-	-	1,173,776
TOTAL FUND BALANCES	1,193,630	516,211	761,932	2,471,773
TOTAL LIABILITIES AND FUND BALANCES	$ 4,477,641	$ 533,746	$ 998,351	$ 6,009,738

Total governmental fund balances		$ 2,471,773
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred outflows		
Deferred outflows of resources - charges on refunding, net of amortization		103,139
Deferred outflows of resources - related to pensions		4,283,232
Deferred inflows of resources - related to pensions		(462,014)
Deferred outflows of resources - related to other postemployment benefits		1,517,336
Deferred inflows of resources - related to other postemployment benefits		(2,592,732)
Deferred inflows of resources - related to state funding for pension and other postemployment benefits		(751,333)
Capital assets used in governmental activities are not financial resources and are not reported in the funds:		
The cost of the capital assets is	$ 31,142,445	
Accumulated depreciation is	(11,286,349)	
		19,856,096
Long-term liabilities are not due and payable in the current period and are not reported in the funds:		
Long-term obligations		(16,509,478)
Compensated absences and termination benefits		(527,140)
Accrued interest is not included as a liability in government funds, it is recorded when paid		(75,848)
Net other postemployment benefit liability		(3,081,828)
Net pension liability		(20,301,366)
Net position of governmental activities		$ (16,070,163)

See notes to financial statements.

HOMER COMMUNITY SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	General Fund	Combined Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES				
Local sources				
Property taxes	$ 505,200	$ 979,775	$ -	$ 1,484,975
Investment earnings (loss)	(376)	145	495	264
Food sales	-	-	31,212	31,212
Student / school activities	-	-	66,671	66,671
Other	132,081	-	18,415	150,496
Total local sources	636,905	979,920	116,793	1,733,618
State sources	9,251,321	70,771	32,938	9,355,030
Federal sources	629,681	392,744	577,963	1,600,388
Incoming transfers and other	722,794	-	-	722,794
TOTAL REVENUES	11,240,701	1,443,435	727,694	13,411,830
EXPENDITURES				
Current				
Instruction	6,626,612	-	-	6,626,612
Supporting services	4,009,509	-	-	4,009,509
Food service activities	-	-	519,827	519,827
Student/school activities	-	-	48,603	48,603
Community service activities	31,999	-	-	31,999
Other transactions	31,491	-	-	31,491

See notes to financial statements.

	General Fund	Combined Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
EXPENDITURES (continued)				
Debt service				
Principal repayment	$ -	$ 1,280,000	$ -	$ 1,280,000
Interest	-	700,536	-	700,536
Bond issuance costs	-	104,382	-	104,382
Other	-	19,049	-	19,049
TOTAL EXPENDITURES	10,699,611	2,103,967	568,430	13,372,008
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	541,090	(660,532)	159,264	39,822
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	4,600	-	-	4,600
Proceeds from school loan revolving fund	-	904,456	-	904,456
Proceeds from bond issuance	-	2,910,000	-	2,910,000
Premium on refunding bonds issued	-	272,788	-	272,788
Payments to escrow agent	-	(3,078,406)	-	(3,078,406)
Transfers in	45,000	-	47,000	92,000
Transfers out	(47,000)	-	(45,000)	(92,000)
TOTAL OTHER FINANCING SOURCES (USES)	2,600	1,008,838	2,000	1,013,438
NET CHANGE IN FUND BALANCES	543,690	348,306	161,264	1,053,260
FUND BALANCES				
Beginning of year	649,940	167,905	600,668	1,418,513
End of year	$ 1,193,630	$ 516,211	$ 761,932	$ 2,471,773

See notes to financial statements.

HOMER COMMUNITY SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

Net change in fund balances total governmental funds	$ 1,053,260
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. In the statement of activities these costs are allocated over their estimated useful lives as depreciation:	
Depreciation expense	(790,887)
Capital outlay	68,880
Accrued interest on bonds and debt is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:	
Accrued interest payable, beginning of the year	64,618
Accrued interest payable, end of the year	(75,848)
The issuance of long-term obligations (e.g., bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences is the treatment of long-term obligations and related items and are as follows:	
Proceeds from debt refunding bonds	(2,910,000)
Debt refunded	3,000,000
Proceeds from school loan revolving fund	(904,456)
Payments on debt	1,280,000
Deferred loss on refunding	103,139
Premium on issuance of debt refunding bonds	(272,788)
Amortization of bond premium (discount)	(17,252)
Compensated absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:	
Accrued compensated absences, beginning of the year	473,549
Accrued compensated absences, end of the year	(527,140)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the the governmental funds:	
Other postemployment benefit items	546,013
Pension related items	(1,102,733)
Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to section 147c pension contributions subsequent to the measurement period:	
Change in state aid funding for pension	(75,461)
Change in net position of governmental activities	$ (87,106)

See notes to financial statements.

HOMER COMMUNITY SCHOOLS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021

	Custodial Funds
ASSETS	
Cash and cash equivalents	$ -
NET POSITION	
Restricted for student organizations	$ -

See notes to financial statements.

HOMER COMMUNITY SCHOOLS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2021

	Custodial Funds
ADDITIONS	
Student activity income	$ -
DEDUCTIONS	
Payments made on behalf of student organizations	312
CHANGE IN NET POSITION	(312)
NET POSITION	
Beginning of year	312
End of year	$ -

See notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. All fiduciary activities are reported only in the fund financial statements. *Governmental activities* normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions.

Reporting Entity

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

Basis of Presentation - Government-wide Financial Statements

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

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

Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - governmental and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as non-major funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following *major governmental funds*:

> The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.
>
> The *Combined Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds. Effective July 1, 2014, the *combined debt service* fund was established to combine the activity of the other debt funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements (continued)

Other non-major funds:

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

The *Capital Projects Building and Site Fund* accounts for the receipt of transfers from the general fund, other revenue and the acquisition of capital assets or construction of major capital projects.

Fiduciary funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the District under the terms of a formal trust agreement. Fiduciary funds are not included in the government-wide statements.

The *Custodial Fund* consists of assets for the benefit of individuals and the District does not have administrative involvement with the assets or direct financial involvement with the assets. In addition, the assets are not derived from the District's provision of goods or services to those individuals. This fund is used to account for assets that the District holds for others in an agency capacity (primarily student activities).

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

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

Measurement Focus and Basis of Accounting

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

The fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, except for the recognition of certain liabilities to the beneficiaries of a fiduciary activity. Liabilities to beneficiaries are recognized when an event has occurred that compels the District to disburse fiduciary resources.

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Information

Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue funds. The capital projects fund is appropriated on a project-length basis. Other funds do not have appropriated budgets.

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

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

a. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.

b. Public hearings are conducted to obtain taxpayer comments.

c. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the required supplementary information section.

d. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.

e. The budget was amended during the year with supplemental appropriations, the last one approved prior to the year ended June 30, 2021. The District does not consider these amendments to be significant.

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

Cash and Cash Equivalents

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Investments

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

a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.

b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration (NCUA), but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.

c. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services, and which matures not more than 270 days after the date of purchase.

d. The United States government or federal agency obligations repurchase agreements.

e. Bankers' acceptances of United States banks.

f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

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

Inventories and Prepaid Items

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Capital Assets

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

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

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

Capital Asset Classes	Lives
Buildings and improvements	7 - 50
Technology	5 - 10
Furniture and fixtures	5 - 20
Machinery and equipment	5 - 20
Transportation equipment	5 - 10

Defined Benefit Plans

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

Deferred Outflows

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. There are the deferred charges on refunding, pension and other postemployment benefits related items reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow is recognized for pension and other postemployment benefit related items. These amounts are expensed in the plan year in which they apply.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Deferred Inflows

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The first is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension contributions subsequent to the measurement period. The second and third items are future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension and other postemployment benefit liability and the actual results. The amounts are amortized over a period determined by the actuary.

Net Position Flow Assumption

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

However, in a previous period, the District issued bonded debt in the amount of $5,240,000 used to make principal and interest payments related to the SLRF. 4.57% of these proceeds were not considered capital related debt as that percentage of the proceeds was used to pay off accrued interest. The remaining portion of those proceeds that is not considered to be capital related debt, after factoring for subsequent payments on those proceeds, is $239,325 at June 30, 2021.

In the computation of net investment in capital assets the school loan revolving fund principal proceeds of $1,568,226 are considered capital-related debt. Accrued interest on the school loan revolving fund of $29,520 is not considered capital related debt.

Fund Balance Flow Assumptions

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

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance Policies (continued)

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

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

Revenues and Expenditures/Expenses

Program Revenues

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

Property Taxes

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

For the year ended June 30, 2021, the District levied the following amounts per $1,000 of assessed valuation:

Fund	Mills
General fund	
Non-Principal Residence Exemption (PRE)	18.0000
Commercial Personal Property	6.0000
Debt service fund	
PRE, Non-PRE, Commercial Personal Property	7.0000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses (continued)

Compensated Absences

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

Long-Term Obligations

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

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

NOTE 2 - DEPOSITS AND INVESTMENTS

As of June 30, 2021 the District had deposits and investments subject to the following risks.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2021, $1,374,601 of the District's bank balance of $1,710,733 was exposed to custodial credit risk because it was uninsured and uncollateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name. The carrying value on the books for deposits at the end of the year was $1,623,980.

Custodial Credit Risk - Investments

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

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

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Interest Rate Risk

In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

Investment Type	Fair Value	Weighted Average Maturity (Years)
Michigan Class Investment Pool	$ 1,628,759	0.1478
Portfolio weighted average maturity		0.1478

One day maturity equals 0.0027, one year equals 1.00.

Concentration of Credit Risk

The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Investment Type	Fair Value	Rating	Rating Agency
Michigan Class Investment Pool	$ 1,628,759	AAAm	Standard & Poor's

Foreign Currency Risk

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

Fair Value Measurement

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

Level 1: Quoted prices in active markets for identical securities.

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement (continued)

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

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

The District does not have any investments subject to fair value measurements.

The District holds shares or interests in the Michigan CLASS investment pool where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

The Michigan CLASS investment pool invest in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated "A1" or better), collateralized bank deposits, repurchase agreements (collateralized at 102% by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statues and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

At the year ended June 30, 2021, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Michigan Class Investment Pool	$ 1,628,759	$ -	No restrictions	None

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

The following summarizes the categorization of these amounts as of June 30, 2021:

	Primary Government
Cash and cash equivalents	$ 1,623,980
Investments	1,628,759
	$ 3,252,739

NOTE 3 - INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at June 30, 2021 consist of the following:

Governmental units	
State aid	$ 1,673,168
Federal revenue	277,413
Other	224,350
	$ 2,174,931

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

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

NOTE 4 - CAPITAL ASSETS

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

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Governmental activities				
Capital assets, not being depreciated				
Land	$ 15,000	$ -	$ -	$ 15,000
Capital assets, being depreciated				
Buildings and improvements	27,887,449	22,740	-	27,910,189
Technology	576,214	26,963	-	603,177
Furniture and fixtures	903,601	-	-	903,601
Machinery and equipment	787,690	19,177	-	806,867
Transportation equipment	1,022,584	-	(118,973)	903,611
Total capital assets being depreciated	31,177,538	68,880	(118,973)	31,127,445
Accumulated depreciation				
Buildings and improvements	8,166,203	606,608	-	8,772,811
Technology	474,384	36,117	-	510,501
Furniture and fixtures	590,792	80,175	-	670,967
Machinery and equipment	633,156	22,385	-	655,541
Transportation equipment	749,900	45,602	(118,973)	676,529
Total accumulated depreciation	10,614,435	790,887	(118,973)	11,286,349
Net capital assets being depreciated	20,563,103	(722,007)	-	19,841,096
Net governmental capital assets	$ 20,578,103	$ (722,007)	$ -	$ 19,856,096

The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

NOTE 5 - NOTE PAYABLE - STATE AID ANTICIPATION NOTE

At June 30, 2021, the District has issued a state aid anticipation note payable in the amount of $2,000,000 which has an interest rate of 0.74% and matures on August 20, 2021. Proceeds of the note were used to fund school operations. The note is secured by the full faith and credit of the District as well as pledged state aid. In an event of a default on the note, the financial institution may impose a penalty interest rate and at the financial institution's discretion, accelerate the repayment terms. Activity for the year ended June 30, 2021 is as follows:

Balance July 1, 2020	Additions	Payments	Balance June 30, 2021
$ 1,200,000	$ 2,000,000	$ 1,200,000	$ 2,000,000

NOTE 6 - LONG-TERM OBLIGATIONS

The District issues general obligation bonds to provide funds for the acquisition, construction and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

The following is a summary of long-term obligations for the District for the year ended June 30, 2021:

	General Obligation Bonds	Notes from Direct Borrowings and Direct Placements	Compensated Absences and Termination Benefits	Total
Balance, July 1 2020	$ 16,021,212	$ 663,770	$ 473,549	$ 17,158,531
Additions	3,182,788	904,456	53,591	4,140,835
Deletions	(4,262,748)	-	-	(4,262,748)
Balance, June 30, 2021	14,941,252	1,568,226	527,140	17,036,618
Due within one year	(1,301,838)	-	(43,928)	(1,345,766)
Due in more than one year	$ 13,639,414	$ 1,568,226	$ 483,212	$ 15,690,852

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

Long-term obligations at June 30, 2021 is comprised of the following:

General Obligation Bonds	
2011 Qualified school construction bonds due in annual payments ranging from $1,280,000 to $1,300,000 through May 1, 2026 with interest from 5.95% to 6.25%.	$ 6,435,000
2019 Refunding bonds due in annual payments ranging from $1,245,000 to $1,375,000 through May 1, 2030 with interest from 2.50% to 4.00%.	5,240,000
2021 Refunding bonds due in annual payments ranging from $100,000 to $710,000 through May 1, 2040 with interest from 1.10% to 5.00%.	2,910,000
Plus premium on bond issuances and refunding - net	356,252
Total general obligation bonds	14,941,252
Notes from Direct Borrowings and Direct Placements	
Borrowing from the State of Michigan under the School Loan Revolving Fund, excluding interest at 3.00% at year-end.	1,568,226
Total general obligation bonds and notes from direct borrowings and direct placements	16,509,478
Obligation under contract for compensated absences	527,140
Total general long-term obligations	$ 17,036,618

Interest expense (all funds) for the year ended June 30, 2021 was approximately $701,000. General fund interest expense is included in support services.

On February 22, 2021, Homer Community Schools issued refunding bonds of $2,910,000 with an interest rate from 1.10% to 5.00% to repay the 2011 Series B Bonds. The serial bonds mature at various times through May 1, 2041. The refunding bonds were issued with a premium of $272,788, the net proceeds were $3,078,406. The net proceeds from the issuance of the refunding bonds were used to pay down the 2011 Series B Bond debt. As a result of the advanced refunding, the District reduced its total debt service requirements by $1,492,231 which resulted in an economic gain (difference between the present value of the debt service payment on the old and new debt of $1,328,907.

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

Borrowing from the State of Michigan - The School Loan Revolving Fund payable represents notes payable to the State of Michigan for loans made to the school district, as authorized by the State of Michigan Constitution, for the purpose of paying principal and interest on general obligation bonds of the school district issued for capital expenditures. Interest rates are to be annually determined by the State Administrative Board. The interest rate at June 30, 2021 was 3.00%. Repayment is required when the millage rate necessary to cover the annual bonded debt services falls below 7.0 mills. The school district is required to levy 7.0 mills and repay to the state any excess of the amount levied over the bonded debt service requirements. Currently the District levies 7.0 mills. Due to the variability of the factors that affect the timing of repayment, including the future amount of state-equalized value of property in the school district, no provision for repayment has been included in the above amortization schedule. The state may apply a default late charge on the note if the District does not make the repayments or apply the default late charge if the District fails to levy the appropriate debt mills. The state may also withhold state aid payments if the District is in default.

The annual requirements to amortize long-term obligations outstanding as of June 30, 2021, including interest are as follows:

	General Obligation Bonds		Notes from Direct Borrowings and Direct Placements			
Year Ending June 30,	Principal	Interest	Principal	Interest	Compensated Absences	Total
2022	$ 1,280,000	$ 624,183	$ -	$ -	$ -	$ 1,904,183
2023	1,280,000	535,799	-	-	-	1,815,799
2024	1,285,000	457,079	-	-	-	1,742,079
2025	1,290,000	378,053	-	-	-	1,668,053
2026	1,300,000	297,427	-	-	-	1,597,427
2027 - 2031	5,935,000	680,669	-	-	-	6,615,669
2032 - 2036	1,790,000	83,295	-	-	-	1,873,295
2037 - 2040	425,000	17,750	-	-	-	442,750
Total	14,585,000	3,074,255	-	-	-	17,659,255
School loan revolving fund	-	-	1,568,226	29,520	-	1,597,746
Premium on bond issuance	356,252	-	-	-	-	356,252
Compensated absences	-	-	-	-	527,140	527,140
	$ 14,941,252	$ 3,074,255	$ 1,568,226	$ 29,520	$ 527,140	$ 20,140,393

The above interest payments do not include the interest credit on the qualified school construction bonds (QSCB). See page 59 for a complete schedule showing the QSCB credit.

NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES

Inter-fund payable and receivable balances at June 30, 2021 are as follows:

Receivable Fund		Payable Fund	
Total Nonmajor Funds	$ 9,298	General Fund	$ 303,072
Combined Debt Service Fund	295,819	Combined Debt Service Fund	17,535
General Fund	243,722	Total Nonmajor Funds	228,232
	$ 548,839		$ 548,839

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

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

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

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

Benefits Provided - Overall

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

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

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Benefits Provided - Pension

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

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

Pension Reform 2010

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

Pension Reform 2012

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

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

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

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

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

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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

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

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

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

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

Pension Reform of 2017

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

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Benefits Provided - Other Postemployment Benefit (OPEB)

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

Retiree Healthcare Reform of 2012

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

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

Regular Retirement (no reduction factor for age)

Eligibility - A Basic plan member may retire at age 55 with 30 years credited service; or age 60 with 10 years credited service. For Member Investment Plan (MIP) members, age 46 with 30 years credited service; or age 60 with 10 years credited service; or age 60 with 5 years of credited service provided member worked through 60th birthday and has credited service in each of the last 5 years. For Pension Plus Plan (PPP) members, age 60 with 10 years of credited service.

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

Member Contributions

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

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Employer Contributions

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

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

Pension and OPEB contributions made in the fiscal year ending September 30, 2020 were determined as of the September 30, 2017 actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2017 are amortized over a 19-year period beginning October 1, 2019 and ending September 30, 2038.

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

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

The District's pension contributions for the year ended June 30, 2021 were equal to the required contribution total. Total pension contributions were approximately $1,728,000. Of the total pension contributions approximately $1,695,000 was contributed to fund the Defined Benefit Plan and approximately $33,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2021 were equal to the required contribution total. Total OPEB contributions were approximately $481,000. Of the total OPEB contributions approximately $448,000 was contributed to fund the Defined Benefit Plan and approximately $33,000 was contributed to fund the Defined Contribution Plan.

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

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

Pension Liabilities

The net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2019 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

MPSERS (Plan) Non-university Employers	September 30, 2020	September 30, 2019
Total pension liability	$ 85,290,583,799	$ 83,442,507,212
Plan fiduciary net position	$ 50,939,496,006	$ 50,325,869,388
Net pension liability	$ 34,351,087,793	$ 33,116,637,824
Proportionate share	0.05910%	0.06069%
Net pension liability for the District	$ 20,301,366	$ 20,098,385

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

For the year ended June 30, 2021, the District recognized pension expense of $2,797,953.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 310,188	$ (43,330)
Changes of assumptions	2,249,587	-
Net difference between projected and actual plan investments earnings	85,297	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	73,769	(418,684)
Employer contributions subsequent to the measurement date	1,564,391	-
	$ 4,283,232	$ (462,014)

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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

$1,564,391, reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

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

Year Ended September 30,	Amount
2021	$ 1,069,113
2022	744,819
2023	354,351
2024	88,544

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

OPEB Liabilities

The net OPEB liability was measured as of September 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of September 30, 2019 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined.

MPSERS (Plan) Non-university Employers	September 30, 2020	September 30, 2019
Total other postemployment benefit liability	$ 13,206,903,534	$ 13,925,860,688
Plan fiduciary net position	$ 7,849,636,555	$ 6,748,112,668
Net other postemployment benefit liability	$ 5,357,266,979	$ 7,177,748,020
Proportionate share	0.05753%	0.06115%
Net other postemployment benefit liability for the District	$ 3,081,828	$ 4,388,939

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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

For the year ended June 30, 2021, the District recognized OPEB benefit of $97,780.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (2,296,250)
Changes of assumptions	1,016,140	-
Net difference between projected and actual plan investments earnings	25,721	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	84,379	(296,482)
Employer contributions subsequent to the measurement date	391,096	-
	$ 1,517,336	$ (2,592,732)

$391,096, reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

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

Year Ended September 30,	Amount
2021	$ (385,199)
2022	(349,377)
2023	(287,605)
2024	(234,222)
2025	(210,089)

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions

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

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

Salary Increases - The rate of pay increase used for individual members is 2.75% - 11.55%, including wage inflation at 2.75%.

Inflation - 3.0%.

Mortality Assumptions:

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

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

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

Experience Study - The annual actuarial valuation report of the System used for these statements is dated September 30, 2019. Assumption changes as a result of an experience study for the periods 2012 through 2017 have been adopted by the System for use in the determination of the total pension and OPEB liability beginning with the September 30, 2018 Comprehensive Annual Financial Report.

The Long-Term Expected Rate of Return on Pension and Other Postemployment Benefit Plan Investments - The pension rate was 6.80% (MIP, Basic, and Pension Plus Plan) and 6.00% for Pension Plus 2 Plan, and the other postemployment benefit rate was 6.95%, net of investment and administrative expenses was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension and OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Healthcare Cost Trend Rate for Other Postemployment Benefit - 7.0% for year one and graded to 3.5% in year fifteen.

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

Additional Assumptions for Other Postemployment Benefit Only - Applies to Individuals Hired Before September 4, 2012:

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

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

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

The target asset allocation at September 30, 2020, and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Investment Category	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	25.0%	5.6%
International Equity Pools	15.0%	7.4%
Private Equity Pools	16.0%	9.3%
Real Estate and Infrastructure Pools	10.0%	4.9%
Fixed Income Pools	10.5%	0.5%
Absolute Return Pools	9.0%	3.2%
Real Return/Opportunistic 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.

Rate of Return - For fiscal year ended September 30, 2020, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 5.37% and 5.24% respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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

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

	Pension		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net pension liability	$ 26,276,674	$ 20,301,366	$ 15,349,167

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

	Other Postemployment Benefits		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability	$ 3,958,958	$ 3,081,828	$ 2,343,358

Sensitivity to the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the Reporting Unit's proportionate share of the net other postemployment benefit liability calculated using the healthcare cost trend rate of 7.0% (decreasing to 3.5%), as well as what the Reporting Unit's proportionate share of the net other postemployment benefit liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Other Postemployment Benefit		
	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefits liability	$ 2,315,083	$ 3,081,828	$ 3,953,905

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension and OPEB Plan Fiduciary Net Position

Detailed information about the pension and OPEB's fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System 2020 Comprehensive Annual Financial Report.

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

NOTE 9 - RISK MANAGEMENT

The District is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The District participates in a distinct pool of educational institutions within the State of Michigan for self-insuring workers' disability compensation. The pool is considered a public entity risk pool. The District pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The pool maintains reinsurance for claims in excess of $500,000 for each occurrence with the overall maximum coverage being unlimited. The District has not been informed of any special assessments being required.

The District continues to carry commercial insurance for other risks of loss, including property and casualty errors and omissions, fleet and employee health and accident insurance.

NOTE 10 - TRANSFERS

The general fund transferred $47,000 to the capital projects fund for capital improvements. The food service fund transferred $45,000 to the general fund for current year indirect costs reimbursement.

NOTE 11 - TAX ABATEMENTS

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

Municipality	Taxes Abated
City of Albion	$ 437,187

NOTE 11 - TAX ABATEMENTS (continued)

The taxes abated for the general fund operating millage is considered by the State of Michigan when determining the District's Section 22 funding of the State School Aid Act.

There are no significant abatements made by the District.

NOTE 12 - SUBSEQUENT EVENTS

Subsequent to year end, the District has approved borrowing $2,000,000 for fiscal year 2022 to replace the note payable as described in Note 5.

NOTE 13 - CONTINGENT LIABILITIES

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

NOTE 14 - UPCOMING ACCOUNTING PRONOUNCEMENTS

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, was issued by the GASB in June 2017. The objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2021-2022 fiscal year.

In May 2020, the GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases,* as amended*.* The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2022-2023 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

HOMER COMMUNITY SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local sources	$ 674,200	$ 875,465	$ 636,905	$ (238,560)
State sources	8,365,833	9,246,934	9,251,321	4,387
Federal sources	220,289	521,055	629,681	108,626
Incoming transfers and other	550,233	406,235	722,794	316,559
TOTAL REVENUES	9,810,555	11,049,689	11,240,701	191,012
EXPENDITURES				
Current				
Instruction				
Basic programs	4,699,083	5,303,615	5,293,856	9,759
Added needs	1,263,030	1,324,482	1,332,756	(8,274)
Total instruction	5,962,113	6,628,097	6,626,612	1,485
Supporting services				
Pupil	476,159	614,087	620,112	(6,025)
Instructional staff	436,326	408,872	462,658	(53,786)
General administration	285,568	304,003	302,327	1,676
School administration	504,667	634,341	609,664	24,677
Business	329,888	305,308	317,596	(12,288)
Operation/maintenance	874,413	860,383	785,639	74,744
Pupil transportation	354,187	326,981	334,724	(7,743)
Central	239,392	248,427	247,649	778
Athletics	192,795	313,663	329,140	(15,477)
Total supporting services	3,693,395	4,016,065	4,009,509	6,556
Community services	42,558	30,118	31,999	(1,881)
Other transactions	-	-	31,491	(31,491)
TOTAL EXPENDITURES	9,698,066	10,674,280	10,699,611	(25,331)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	112,489	375,409	541,090	165,681
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	4,600	4,600
Transfers in	-	-	45,000	45,000
Transfers out	(94,794)	(78,491)	(47,000)	31,491
TOTAL OTHER FINANCING SOURCES (USES)	(94,794)	(78,491)	2,600	81,091
NET CHANGE IN FUND BALANCE	$ 17,695	$ 296,918	543,690	$ 246,772
FUND BALANCE				
Beginning of year			649,940	
End of year			$ 1,193,630	

HOMER COMMUNITY SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)

	2020	2019	2018	2017	2016	2015	2014
Reporting Unit's proportion of net pension liability (%)	0.05910%	0.06069%	0.06016%	0.06055%	0.06111%	0.06148%	0.06267%
Reporting Unit's proportionate share of net pension liability	$ 20,301,366	$ 20,098,385	$ 18,086,162	$ 15,689,796	$ 15,245,629	$ 15,017,290	$ 13,803,935
Reporting Unit's covered-employee payroll	$ 5,113,909	$ 5,257,291	$ 5,167,127	$ 5,051,498	$ 5,153,192	$ 5,118,816	$ 5,251,003
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	396.98%	382.30%	350.02%	310.60%	295.85%	293.37%	262.88%
Plan fiduciary net position as a percentage of total pension liability (non-university employers)	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

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

HOMER COMMUNITY SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PENSION CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)

	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	$ 1,695,220	$ 1,601,394	$ 1,562,720	$ 1,528,765	$ 1,407,072	$ 1,355,023	$ 1,127,568
Contributions in relation to statutorily required contributions	1,695,220	1,601,394	1,562,720	1,528,765	1,407,072	1,355,023	1,127,568
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Reporting Unit's covered-employee payroll	$ 5,263,244	$ 5,144,230	$ 5,116,455	$ 5,020,844	$ 5,146,525	$ 5,123,101	$ 5,319,061
Contributions as a percentage of covered-employee payroll	32.21%	31.13%	30.54%	30.45%	27.34%	26.45%	21.20%

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

HOMER COMMUNITY SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)

	2020	2019	2018	2017
Reporting Unit's proportion of net OPEB liability (%)	0.05753%	0.06115%	0.05977%	0.06053%
Reporting Unit's proportionate share of net OPEB liability	$ 3,081,828	$ 4,388,939	$ 4,751,476	$ 5,360,244
Reporting Unit's covered-employee payroll	$ 5,113,909	$ 5,257,291	$ 5,167,127	$ 5,051,498
Reporting Unit's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	60.26%	83.48%	91.96%	106.11%
Plan fiduciary net position as a percentage of total OPEB liability (non-university employers)	59.44%	48.46%	42.95%	36.39%

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

HOMER COMMUNITY SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S OPEB CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)

	2021	2020	2019	2018
Statutorily required OPEB contributions	$ 448,233	$ 437,212	$ 448,726	$ 421,149
Contributions in relation to statutorily required contributions	448,233	437,212	448,726	421,149
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Reporting Unit's covered-employee payroll (OPEB)	$ 5,263,244	$ 5,144,230	$ 5,116,455	$ 5,020,844
OPEB contributions as a percentage of covered-employee payroll	8.52%	8.50%	8.77%	8.39%

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

HOMER COMMUNITY SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2021

NOTE 1 - PENSION INFORMATION

Benefit changes - there were no changes of benefit terms in 2020.

Changes of assumptions – there were no changes of assumptions in 2020.

NOTE 2 - OPEB INFORMATION

Benefit changes - there were no changes of benefit terms in 2020.

Changes of assumptions - the assumption changes for 2020 were:

> Healthcare cost trend rate decreased to 7.00% Year 1 graded to 3.50% Year 15 from 7.50% Year 1 graded to 3.50% Year 12.

ADDITIONAL SUPPLEMENTARY INFORMATION

HOMER COMMUNITY SCHOOLS
NONMAJOR GOVERNMENTAL FUND TYPES
COMBINING BALANCE SHEET
JUNE 30, 2021

	Special Revenue			
	Food Service	Student/ School Activities	Capital Projects Funds - Building	Total Nonmajor Funds
ASSETS				
Cash and cash equivalents	$ 187,351	$ 99,451	$ -	$ 286,802
Investments	104,089	117,675	296,188	517,952
Intergovernmental receivable	173,109	-	-	173,109
Inventories	11,190	-	-	11,190
Due from other funds	-	-	9,298	9,298
TOTAL ASSETS	$ 475,739	$ 217,126	$ 305,486	$ 998,351
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 442	$ -	$ -	$ 442
Due to other funds	228,232	-	-	228,232
Unearned revenue	7,745	-	-	7,745
TOTAL LIABILITIES	236,419	-	-	236,419
FUND BALANCES				
Nonspendable - inventory	11,190	-	-	11,190
Restricted for - food service	228,130	-	-	228,130
Committed for - student/school activities	-	217,126	-	217,126
Assigned for - Capital projects	-	-	305,486	305,486
TOTAL FUND BALANCES	239,320	217,126	305,486	761,932
TOTAL LIABILITIES AND FUND BALANCES	$ 475,739	$ 217,126	$ 305,486	$ 998,351

HOMER COMMUNITY SCHOOLS
NONMAJOR GOVERNMENTAL FUND TYPES
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2021

	Special Revenue			
	Food Service	Student/ School Activities	Capital Projects Funds - Building	Total Nonmajor Funds
REVENUES				
Local sources				
Food sales	$ 31,212	$ -	$ -	$ 31,212
Student/school activities	-	66,671	-	66,671
Investment earnings	120	117	258	495
Other local revenue	-	-	18,415	18,415
Total local sources	31,332	66,788	18,673	116,793
State sources	32,938	-	-	32,938
Federal sources	577,963	-	-	577,963
TOTAL REVENUES	642,233	66,788	18,673	727,694
EXPENDITURES				
Current				
Food service activities	519,827	-	-	519,827
Student/school activities	-	48,603	-	48,603
TOTAL EXPENDITURES	519,827	48,603	-	568,430
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	122,406	18,185	18,673	159,264
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	47,000	47,000
Transfers out	(45,000)	-	-	(45,000)
TOTAL OTHER FINANCING SOURCES (USES)	(45,000)	-	47,000	2,000
NET CHANGE IN FUND BALANCES	77,406	18,185	65,673	161,264
FUND BALANCES				
Beginning of year	161,914	198,941	239,813	600,668
End of year	$ 239,320	$ 217,126	$ 305,486	$ 761,932

HOMER COMMUNITY SCHOOLS
BONDED DEBT
JUNE 30, 2021

$15,000,000 School Building and Site Bonds, Series A (Federally taxable - Qualified School Construction Bonds) issued in 2011:

	Interest Due			Debt Service Requirement for Fiscal Year	
Principal Due May 1,	May 1,	November 1,	QSCB Credit	June 30,	Amount
$ 1,280,000	$ 197,891	$ 197,891	$ (346,203)	2022	$ 1,329,579
1,280,000	159,811	159,811	(277,339)	2023	1,322,283
1,285,000	120,451	120,451	(208,475)	2024	1,317,427
1,290,000	80,938	80,938	(139,342)	2025	1,312,534
1,300,000	40,625	40,625	(69,940)	2026	1,311,310
$ 6,435,000	$ 599,716	$ 599,716	$ (1,041,299)		$ 6,593,133

The above bonds were authorized at an election May 3, 2011 and have an interest rates ranging from 5.95% - 6.25%. The bonds were issued for the purpose of erecting, furnishing and equipping an addition to and partially remodeling, furnishings and refurnishing, and equipping and re-equipping the school building, in part for security purposes; acquiring, installing and equipping, developing and improving play fields and playgrounds; developing and improving parking areas and the site; and paying the costs of issuing the bonds.

The District designated the above bonds as 'Qualified School Construction Bonds' as defined in Section 54F of the Internal Revenue Code of 1986, as amended, and will irrevocably elect under Section 6431(f)(2) of the code to receive direct payments from the United States Treasury equal to the lesser of the amount of interest payable on the bonds or the amount of interest which would have been payable on the bonds if interest were determined at the applicable credit rate determined under Section 54A(b)(c) of the code. The District will deposit all such credits into the debt retirement fund pledged for the payment of the bonds.

HOMER COMMUNITY SCHOOLS
BONDED DEBT
JUNE 30, 2021

$5,240,000 2019 Refunding Bonds, issued in 2020:

Principal Due May 1,	Interest Due May 1,	Interest Due November 1,	Debt Service Requirement for Fiscal Year June 30,	Debt Service Requirement for Fiscal Year Amount
$ -	$ 76,201	$ 76,201	2022	$ 152,402
-	76,201	76,201	2023	152,402
-	76,201	76,201	2024	152,402
-	76,201	76,201	2025	152,402
-	76,201	76,201	2026	152,402
1,245,000	76,201	76,201	2027	1,397,402
1,290,000	51,301	51,301	2028	1,392,602
1,330,000	35,176	35,176	2029	1,400,352
1,375,000	18,219	18,219	2030	1,411,438
$ 5,240,000	$ 561,902	$ 561,902		$ 6,363,804

The above bonds dated November 26, 2019 were issued for the purpose of refunding certain indebtedness of the School District to the State of Michigan Bond Qualification and Loan Program.

HOMER COMMUNITY SCHOOLS
BONDED DEBT
JUNE 30, 2021

$2,910,000 2021 Refunding Bonds, issued in 2021:

	Interest Due	Debt Service Requirement for Fiscal Year	
Principal Due May 1,	May 1,	June 30,	Amount
$ -	$ 75,999	2022	$ 75,999
-	63,775	2023	63,775
-	63,775	2024	63,775
-	63,775	2025	63,775
-	63,775	2026	63,775
-	63,775	2027	63,775
-	63,775	2028	63,775
-	63,775	2029	63,775
-	63,775	2030	63,775
695,000	63,775	2031	758,775
705,000	29,025	2032	734,025
710,000	21,270	2033	731,270
125,000	12,750	2034	137,750
125,000	11,000	2035	136,000
125,000	9,250	2036	134,250
125,000	7,250	2037	132,250
100,000	5,250	2038	105,250
100,000	3,500	2039	103,500
100,000	1,750	2040	101,750
$ 2,910,000	$ 751,019		$ 3,661,019

The above bonds dated February 22, 2021 were issued for the purpose of refunding the 2011 - Series B bonds.

HOMER COMMUNITY SCHOOLS
SCHEDULE OF BORROWINGS - STATE OF MICHIGAN
SCHOOL LOAN REVOLVING FUND PROGRAM
JUNE 30, 2021

Amounts needed for the payment of bond principal and interest in excess of receipts from property taxes are borrowed from the Michigan School Loan Revolving Fund. These loans, together with accrued interest payable thereon, are to be repaid when the debt retirement millage rate provides funds in excess of the amounts needed to pay current bond maturities and interest. The borrowings from and repayments to the State under this program have been summarized as follows:

Year Ended June 30,	Loan Proceeds	Accrued Interest	Loan Balance (Net Change)
2012	$ 319,685	$ 1,808	$ 321,493
2013	660,482	16,523	677,005
2014	610,880	41,472	652,352
2015	629,999	67,030	697,029
2016 refinance payment	(2,220,945)	(128,336)	(2,349,281)
2016	645,983	6,840	652,823
2017	683,044	25,943	708,987
2018	671,149	48,264	719,413
2019	3,010,149	89,873	3,100,022
2020 refinance payment	(5,026,519)	(239,326)	(5,265,845)
2020	679,863	73,824	753,687
2021	904,456	25,605	930,061
Total June 30, 2021	$ 1,568,226	$ 29,520	$ 1,597,746

HOMER COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued (Unearned) Revenue 7/1/2020	(Memo Only) Prior Year Expenditures	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued (Unearned) Revenue 6/30/2021
U.S. Department of Agriculture									
Passed through Michigan Department of Education									
Child Nutrition Cluster									
Non-cash assistance (donated foods)									
National School Lunch Program - Entitlement	10.555	N/A	$ 30,155	$ -	$ -	$ -	$ 30,155	$ 30,155	$ -
National School Lunch Program - Bonus	10.555	N/A	611	-	-	-	611	611	-
			30,766	-	-	-	30,766	30,766	-
Cash Assistance									
COVID-19 - National School Lunch Program	10.555	200902	171,804	34,080	171,804	-	-	34,080	-
Total CFDA #10.555			202,570	34,080	171,804	-	30,766	64,846	-
COVID-19 Summer Food Service Program for Children	10.559	210904	460,096	-	-	-	460,096	291,308	168,788
COVID-19 Summer Food Service Program for Children		200900	87,102	-	-	-	87,102	87,102	-
Total CFDA #10.559			547,198	-	-	-	547,198	378,410	168,788
Total cash assistance			719,002	34,080	171,804	-	547,198	412,490	168,788
Total Child Nutrition Cluster			749,768	34,080	171,804	-	577,964	443,256	168,788
Total U.S. Department of Agriculture			749,768	34,080	171,804	-	577,964	443,256	168,788

The accompanying notes are an integral part of this schedule.

HOMER COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued (Unearned) Revenue 7/1/2020	(Memo Only) Prior Year Expenditures	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued (Unearned) Revenue 6/30/2021
U.S. Department of Education									
Passed through Michigan Department of Education									
Title I Grants to Local Educational Agencies	84.010	211530-2021	$ 212,958	$ -	$ -	$ -	$ 101,197	$ 41,659	$ 59,538
Title I Grants to Local Educational Agencies		201530-1920	169,411	9,290	146,684	-	-	9,290	-
Total CFDA #84.010			382,369	9,290	146,684	-	101,197	50,949	59,538
Student Support and Academic Enrichment	84.424	210750-2021	10,645	-	-	-	4,038	-	4,038
Student Support and Academic Enrichment		200750-1920	15,406	3,097	15,406	-	-	3,097	-
Total CFDA #84.424			26,051	3,097	15,406	-	4,038	3,097	4,038
Supporting Effective Instruction State Grants	84.367	210520-2021	47,228	-	-	-	753	531	222
Supporting Effective Instruction State Grants		200520-1920	31,215	266	18,715	-	-	266	-
Total CFDA #84.367			78,443	266	18,715	-	753	797	222
Education Stabilization Fund									
COVID-19 Governor's Emergency Education Relief Fund (GEER I)	84.425C	201200-2021	62,364	-	-	-	44,466	31,846	12,620
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER I)	84.425D	203710-1920	120,235	-	-	-	120,235	88,028	32,207
Total CFDA #84.425 and Education Stabilization Fund			182,599	-	-	-	164,701	119,874	44,827
Total U.S. Department of Education			669,462	12,653	180,805	-	270,689	174,717	108,625
U.S. Department of Treasury									
Passed through Michigan Department of Education									
COVID-19 Coronavirus Relief Funds	21.019	11(p)	346,784	-	-	-	346,784	346,784	-
COVID-19 Coronavirus Relief Funds		103(2)	12,207	-	-	-	12,207	12,207	-
Total U.S. Department of Treasury			358,991	-	-	-	358,991	358,991	-
TOTAL FEDERAL AWARDS			$ 1,778,221	$ 46,733	$ 352,609	$ -	$ 1,207,644	$ 976,964	$ 277,413

The accompanying notes are an integral part of this schedule.

HOMER COMMUNITY SCHOOLS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Homer Community 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 Homer Community Schools, it is not intended to and does not present the financial position or changes in net position of Homer Community Schools.

Management has utilized the Cash Management System and the Grant Auditor Report in preparing the schedule of expenditures of federal awards.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. Homer Community Schools has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 - RECONCILIATION WITH AUDITED FINANCIAL STATEMENTS

Federal expenditures are reported as revenue in the following funds in the financial statements June 30, 2021:

General fund	$ 629,681
Combined debt service fund	392,744
Other nonmajor governmental funds	577,963
Total federal revenue in the fund financial statements	1,600,388
Less: Federal assistance funding not subject to single audit act	392,744
Expenditures per schedule of expenditures of federal awards	$ 1,207,644

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

To the Board of Education
Homer Community Schools

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Homer Community Schools as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Homer Community Schools' basic financial statements and have issued our report dated October 7, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as 2021-001, that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Homer Community 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

District's Responses to the Findings

The District's responses to the findings identified in our audit are listed in the schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

Maner Costerisan PC

October 7, 2021

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

To the Board of Education
Homer Community Schools

Report on Compliance for Each Major Federal Program

We have audited Homer Community Schools' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Homer Community Schools' major federal programs for the year ended June 30, 2021. Homer Community Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Homer Community Schools' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and 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 Homer Community Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our unmodified opinion on compliance for major federal programs. However, our audit does not provide a legal determination of Homer Community Schools' compliance.

Opinion on Each Major Federal Program

In our opinion, Homer Community Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Homer Community Schools is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Homer Community 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 Homer Community Schools' internal control over compliance.

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, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2021-002, that we consider to be a significant deficiency.

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

Homer Community Schools' response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Homer Community Schools' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Maner Costerisan PC

October 7, 2021

HOMER COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued based on financial statements prepared in accordance with generally accepted accounting principles:	*Unmodified*			
Internal control over financial reporting:				
➢ Material weakness(es) identified?	X	Yes		None
➢ Significant deficiency(ies) identified that are not considered to be material weakness(es)?		Yes	X	None reported
Noncompliance material to financial statements noted?		Yes	X	None

Federal Awards

Internal control over major programs:				
➢ Material weakness(es) identified?		Yes	X	None
➢ Significant deficiency(ies) identified that are not considered to be material weakness(es)?	X	Yes		None reported
Type of auditor's report issued on compliance for major programs:	*Unmodified*			
Any audit findings that are required to be reported in accordance with Title 2 CFR Section 200.516(a)?	X	Yes		No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.555 and 10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs:	$750,000			
Auditee qualified as low-risk auditee?		Yes	X	No

Section II - Financial Statement Findings

2021-001 Considered a material weakness

Condition: Material journal entries for the proper recognition of revenue and accruals were proposed by the auditors. These misstatements were not detected by the District's internal control over financial reporting. These entries were brought to the attention of management and were subsequently recorded in the District's general ledger.

Criteria: Statement on Auditing Standards No. 115 (SAS 115*), Communication Internal Control Related Matters Identified in an Audit,* emphasizes that management is responsible for establishing, maintaining, and monitoring internal controls, and for the fair presentation in the financial statements of financial position, results of operations, and cashflows (where applicable), including the notes to the financial statements, in conformity with U.S. generally accepted accounting principles.

Cause: Misstatements were not identified and corrected by management.

Effect: Material journal entries that were not otherwise identified by management were proposed by the District's auditors. These journal entries were necessary for the fair presentation of the District's financial statements.

Recommendation: We recommend that the District take steps to assure that material journal entries are not necessary at the time future audit analysis is performed.

View of Responsible Officials: The District and Business Manager concur with the facts of this finding and is implementing a checklist for year-end reconciliation procedures.

Section III - Federal Award Findings and Question Costs

2021-002 Considered a significant deficiency

Federal Program: Child Nutrition Cluster - CFDA #10.555 and #10.559

Criteria: The United States Department of Agriculture requires that entities receiving federal funding through the Child Nutrition Cluster maintain a fund balance that does not exceed three months of operating cost.

Condition: The District's food service fund balance was $239,320 at June 30, 2021, which exceeded three months of operating costs by $51,044.

Context: The District was aware that they needed to maintain a fund balance in the food service fund of not more than three months of operating cost; however, as a result of the Summer Food Service program in the current year, the District did not have time to spend down the fund balance prior to June 30, 2021.

Questioned costs: $0

Cause: As a result of the Summer Food Service program, the District received a significant increase in federal reimbursements for the meals distributed during the year ended June 30, 2021.

Recommendation: The District should develop a plan to spend down the fund balance of the food service fund during the year ended June 30, 2021 in order to maintain fund balance of not more than three months of operating cost in the food service fund.

View of Responsible Officials: The Business Manager and Food Service Director concur with the facts of this finding and is implementing a plan to spend down the food service fund balance during the upcoming year.

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Corrective Action Plan

Homer Community Schools respectfully submits the following corrective action plan for the year ended June 30, 2021.

Auditor: Maner Costerisan
2425 E. Grand River Ave., Suite 1
Lansing, Michigan 48912

Audit Period: Year ended June 30, 2021

District contact person: Business Manager

The findings from the June 30, 2021 schedule of findings and responses are discussed below. The findings are numbered consistently with the number assigned in the schedule.

Finding - Financial Statement Audit

Finding 2021-001 Considered a material weakness

Recommendation: We recommend that the District take steps to assure that material journal entries are not necessary at the time future audit analysis is performed.

Action to be taken: Management agrees with the finding and we are in the process of developing a spend down plan. We are looking at expanding food choices, expanding healthy food options, as well as needed upgrades to equipment.

Compliance Finding

Finding 2021-002 Considered a significant deficiency

Recommendation: The District should develop a plan to spend down the fund balance of the food service fund during the year ended June 30, 2022 in order to maintain fund balance of not more than three months of operating cost in the food service fund.

Action to be taken: The District has taken steps to begin spending down the food service fund balance and will have spent down fund balance to an allowable amount by June 30, 2022.

HOMER COMMUNITY SCHOOLS
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021

District was not subject to a Single Audit in the prior year.