

Carman-Ainsworth Community Schools

Financial Statements

June 30, 2024



YEO & YEO

**BUSINESS SUCCESS
PARTNERS**

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Carman-Ainsworth Community Schools
Members of the Board of Education and Administration
June 30, 2024

Members of the Board of Education

Gloria Nealy – President

James Johnson – Vice President

Gary Cousins – Treasurer

La Cracha Handy – Secretary

Lisa Koegel – Trustee

Shiri Weston – Trustee

Katina Wilborn – Trustee

Administration

Gina Ryan – Superintendent

Russ Parks – Assistant Superintendent

Independent Auditors' Report

Management and the Board of Education
Carman-Ainsworth Community Schools
Flint, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Carman-Ainsworth Community Schools, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Carman-Ainsworth Community Schools' basic financial statements as listed in the table of contents.

In our opinion, based on our audit, 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 Carman-Ainsworth Community Schools, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Carman-Ainsworth Community Schools, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Carman-Ainsworth Community Schools' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Carman-Ainsworth Community Schools' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Carman-Ainsworth Community Schools' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the school district's proportionate share of the net pension liability, and schedule of the school district's pension contributions, schedule of the school district's proportionate share of the net OPEB liability (asset), and schedule of the school district's OPEB contributions identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Carman-Ainsworth Community Schools' basic financial statements. The other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The other supplementary information, as identified in the table of contents, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2024, on our consideration of Carman-Ainsworth 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 Carman-Ainsworth Community Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Carman-Ainsworth Community Schools' internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Flint, Michigan
October 29, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

Carman-Ainsworth Community Schools
Management Discussion and Analysis
June 30, 2024

Carman-Ainsworth Management Discussion and Analysis

This section of Carman-Ainsworth Community Schools' (the "District") annual financial report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2024. Please read it in conjunction with the District's financial statements, which immediately follow this section.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District financially as a whole. The district-wide financial statements provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. The fund financial statements look at the District's operations in more detail than the district-wide financial statements by providing information about the District's most significant fund - the General Fund, with all other funds presented in one column as other Nonmajor Governmental Funds. The remaining statements, the Statements of Fiduciary Net Position and Changes in Fiduciary Net Position, present financial information about activities for which the District acts solely as an agent for individuals and private organizations. The sections listed below are provided in the order they appear in this annual report.

Management's Discussion and Analysis

Basic Financial Statements

District-wide Financial Statements
Fund Financial Statements
Notes to the Basic Financial Statements

Required Supplementary Information

Budgetary Information for the General Fund
Pension System Schedules

Other Supplementary Information

Nonmajor Governmental Funds
Schedule of Outstanding Bonds

Carman-Ainsworth Community Schools
Management Discussion and Analysis
June 30, 2024

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

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

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

The statement of net position and statement of activities report the governmental activities for the District, which encompass all of the District's services, including instruction, support services, food service, community services, and interest on long-term debt. Property taxes, unrestricted State Aid (foundation allowance revenue), and State and Federal grants finance most of these activities.

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

The District's fund financial statements provide detailed information about the most significant funds, not the District as a whole. Some funds are required to be established by State law and by bond covenants.

However, the District establishes other funds to help it control and manage money for particular purposes (the Food Service Fund is an example) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

All of the District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the operations of the District and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in reconciliations on pages 4-6 and 4-9.

Carman-Ainsworth Community Schools
Management Discussion and Analysis
June 30, 2024

Reporting the District's Fiduciary Responsibilities

The District utilized custodial funds to account for assets held by the District as an agent for individuals and private organizations. The custodial funds include scholarships, whereby the assets are held by the District, but the recipients are not determined by the District, and activities, whereby the District does not have administrative control.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and governmental and fiduciary fund financial statements. The notes to the financial statements can be found starting on page 4-12 of this report.

Carman-Ainsworth Community Schools
Management Discussion and Analysis
June 30, 2024

The District as a Whole (District-wide Financial Statements)

Recall that the statement of net position provides the perspective of the District as a whole. Table I provides a summary of the District's net position as of June 30, 2024, and 2023 in a condensed format.

	Governmental Activities	
	2024	2023
Current and other assets	\$ 35,993,667	\$ 33,426,768
Capital assets - net of depreciation	44,658,135	45,075,138
Net OPEB asset	1,342,135	-
Total Assets	81,993,937	78,501,906
Deferred amount related to net pension liability	21,929,141	24,393,711
Deferred amount relating to the net OPEB liability (asset)	4,447,377	6,333,333
Total Deferred Outflows of Resources	26,376,518	30,727,044
Current liabilities	10,890,916	9,479,488
Long-term liabilities	84,847,230	107,504,500
Total Liabilities	95,738,146	116,983,988
Deferred amount on net pension liability	16,147,136	3,747,577
Deferred amount on net OPEB liability (asset)	11,657,497	11,677,627
Total Deferred Inflows of Resources	27,804,633	15,425,204
Net investment in capital assets	34,900,650	32,915,138
Restricted	4,128,539	2,498,813
Unrestricted	(54,201,513)	(58,594,193)
Total Net Position	\$ (15,172,324)	\$ (23,180,242)

The District's net position is \$(15,172,324) at June 30, 2024. Net investment in capital assets totaling \$34,900,650 compares the net book value of the District's capital assets (original cost less depreciation) to long-term debt, which was used to finance acquisition. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position of \$4,124,539 is reported separately to show legal constraints from debt covenants and enabling legislation that limit the District's ability to use this net position for day-to-day operations. The remaining net position of \$(54,201,513) was an unrestricted deficit.

Carman-Ainsworth Community Schools
Management Discussion and Analysis
June 30, 2024

The \$(54,201,513) unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The change in the net pension liability and the operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

The results of this year's operations for the District as a whole are reported in the statement of activities (see condensed format in Table II), which shows the change in net position for fiscal years 2024 and 2023.

		<u>2024</u>	<u>2023</u>
Revenues			
	Property taxes levied	\$ 11,767,475	\$ 10,829,366
	State aid - unrestricted	28,270,948	27,555,456
	Interest and earnings on investments	21,706	71,206
	Other general revenues	<u>210,740</u>	<u>325,352</u>
	Total general revenues	40,270,869	38,781,380
	Charges for services	788,171	1,070,234
	Operating grants and contributions	<u>25,237,731</u>	<u>24,872,616</u>
	Total revenues	66,296,771	64,724,230
Expenses			
	Instruction	32,575,103	37,352,829
	Supporting services	22,075,171	20,966,818
	Food services	2,768,339	2,605,622
	Community services	588,013	493,598
	Interest on long-term debt	<u>282,227</u>	<u>294,438</u>
	Total expenses	58,288,853	61,713,305
Change in net assets		8,007,918	3,010,925
Net assets - July 1		<u>(23,180,242)</u>	<u>(26,191,167)</u>
Net assets - June 30		<u><u>\$ (15,172,324)</u></u>	<u><u>\$ (23,180,242)</u></u>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$58,288,853. Certain activities were partially funded from those who benefited from the programs in the amount of \$788,171 or by other governments and organizations that subsidized certain programs with grant and categorical funding in the amount of \$25,237,731. The school paid for the remaining "public benefit" portion of the governmental activities with \$11,767,475 in taxes, \$28,270,948 in State Aid, and with other school revenues such as interest.

Carman-Ainsworth Community Schools
Management Discussion and Analysis
June 30, 2024

The District experienced a change in net position of \$8,007,918. The change in net position differs from the change in fund balance. A reconciliation between the two is shown on page 4-9.

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

The District's Funds

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

As the District completed this year, the governmental funds reported a combined fund balance of \$25,281,743, which is an increase of \$1,119,733 from last year. In the General Fund, our principal operating fund, the fund balance was \$22,040,576, an increase of \$1,012,142 over the prior year. Overall, actual General Fund revenues and other financing sources came in approximately 15 percent under the final budget, and expenditures and other financing uses were approximately 8 percent under the final budgeted amounts.

General Fund Budgetary Highlights

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

There were revisions made to the original 2023-24 General Fund budget in February and June 2024. The final General Fund budget approved by the Board in June 2024 had an estimated fund equity net loss of \$2,394,571 for June 30, 2024. The actual June 30, 2024, fund equity had a net increase of \$1,012,142 with a total ending fund equity of \$22,040,576. The District operated on a minimal needs spending status most of the school year. The District also benefited financially from state and federal COVID-19 funding. However, the District continues to be concerned about state and federal funding, the increased cost of health care, the retirement rate, future gasoline and utility rates.

Capital Assets

At June 30, 2024, the District had \$44,658,135 in capital assets (net of accumulated depreciation), representing a decrease of \$417,003 from the prior year. The District's additions were \$1,358,682 and deletions were \$574,084 for the year ended June 30, 2024. The District's depreciation expense was \$1,775,685.

Additional information on the District's capital assets and purchase commitments can be found in Note 4 to the financial statements.

Carman-Ainsworth Community Schools
Management Discussion and Analysis
June 30, 2024

Long-term Liabilities

At June 30, 2024, the District had \$10,439,626 in outstanding long-term liabilities versus \$13,274,849 in the previous year. The District made debt payments of \$2,670,000 on general obligation bonds which is related to the current year decrease in debt.

Additional information on the District's long-term liabilities can be found in Note 7 to the financial statements.

Economic Factor's and Next Year's Budgets and Rates

The Board and Administration consider many factors when setting the District's fiscal year budget. A key factor is the State's per-pupil foundation allowance, which is based on student enrollment numbers. For the 2024-25 fiscal year, the District is projecting a moderate increase in the foundation allowance by approximately \$247 per student, following the State's budget approval in mid-2024. This increase is offset by a decline in student enrollment, with the District estimating a reduction of 119 students for the year, primarily due to demographic changes and lower birth rates in the region.

Approximately 47% of total General Fund revenue is derived from the foundation allowance. This means the student count remains a critical factor in the District's financial planning. For budgeting purposes, the District uses 90% of the October 2024 student count and 10% of the February 2024 count to estimate foundation revenue. The District is also monitoring economic trends such as inflation, rising utility costs, and potential changes to healthcare and retirement contribution rates, which may impact future expenditures.

While the District's finances benefited from federal pandemic-related aid, these funds have been exhausted in fiscal year 2023-24. Therefore, in 2024-25 the District will return to normal operations budgeting, while continuing to carefully manage resources to address long-term financial stability. The Board and Administration maintain a focus on keeping the fund balance healthy to safeguard against economic downturns or unforeseen fiscal challenges. Labor agreements are in place through the 2026-27 school year. Changes in the employee benefits area could influence future budget considerations.

The Board and Administration remain committed to prioritizing student needs, with a focus on maintaining school safety and fostering student achievement in all its financial decisions.

The Board voted to place a \$65.2 million dollar bond proposal on the November 5th ballot. The focus of the bond projects are Enhancing Safety and Security, Improving the Educational Environment, Updating Facility Infrastructure and School Sites, and Upgrading Arts and Athletics.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, 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 any questions about this report or need additional financial information, contact the Business Office, G-3475 W. Court St., Flint, Michigan 48532, (810) 591-3700.

BASIC FINANCIAL STATEMENTS

Carman-Ainsworth Community Schools
Statement of Net Position
June 30, 2024

	<u>Governmental Activities</u>
Assets	
Cash	\$ 24,019,722
Accounts receivable	10,367
Due from other governmental units	11,868,862
Inventory	70,635
Prepaid items	24,081
Capital assets not being depreciated	1,675,056
Capital assets - net of accumulated depreciation	42,983,079
Net OPEB asset	<u>1,342,135</u>
 Total assets	 <u>81,993,937</u>
 Deferred Outflows of Resources	
Deferred amount relating to the net pension liability	21,929,141
Deferred amount relating to the net OPEB asset	<u>4,447,377</u>
	 <u>26,376,518</u>
 Total deferred outflows of resources	

See Accompanying Notes to the Financial Statements

Carman-Ainsworth Community Schools
Statement of Net Position
June 30, 2024

	<u>Governmental Activities</u>
Liabilities	
Accounts payable	703,732
Due to other governmental units	1,259,768
Payroll deductions and withholdings	977,129
Accrued expenditures	630,247
Accrued salaries payable	2,433,669
Unearned revenue	2,196,371
Long-term liabilities	
Net pension liability	77,097,604
Due within one year	2,690,000
Due in more than one year	<u>7,749,626</u>
Total liabilities	<u>95,738,146</u>
Deferred Inflows of Resources	
Deferred amount relating to the net pension liability	16,147,136
Deferred amount relating to the net OPEB asset	<u>11,657,497</u>
	<u>27,804,633</u>
Net Position	
Total deferred inflows of resources	
Net investment in capital assets	34,900,650
Restricted for:	
Food service	806,341
Debt service	1,516,365
Capital projects	463,698
Net OPEB asset	1,342,135
Unrestricted	<u>(54,201,513)</u>
Total net position	<u>\$ (15,172,324)</u>

See Accompanying Notes to the Financial Statements

Carman-Ainsworth Community Schools
Statement of Activities
For the Year Ended June 30, 2024

		Program Revenues		Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
Functions/Programs				
Governmental activities				
Instruction	\$ 32,575,103	\$ -	\$ 14,862,953	\$ (17,712,150)
Supporting services	22,075,171	376,944	7,458,223	(14,240,004)
Food services	2,768,339	63,770	2,591,368	(113,201)
Community services	588,013	347,457	325,187	84,631
Interest and fiscal charges on long-term debt	<u>282,227</u>			
Total governmental activities	<u>\$ 58,288,853</u>	<u>\$</u>	<u>\$</u>	<u>(32,262,951)</u>
General revenues			(282,227)	
Property taxes, levied for general purposes				7,747,809
Property taxes, levied for debt service				3,583,400
Property taxes, levied for sinking fund				436,266
State aid - unrestricted				28,270,948
Interest and investment earnings				21,706
Gain on sale of capital assets				12,463
Other				152,351
Insurance recoveries				<u>45,926</u>
Total general revenues and insurance recoveries				<u>40,270,869</u>
Change in net position				8,007,918
Net position - beginning, as restated				<u>(23,180,242)</u>
Net position - ending				<u>\$ (15,172,324)</u>

See Accompanying Notes to the Financial Statements

Carman-Ainsworth Community Schools
Governmental Funds
Balance Sheet
June 30, 2024

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash	\$ 20,314,711	\$ 3,705,011	\$ 24,019,722
Accounts receivable	10,367	-	10,367
Due from other funds	265,557	52,276	317,833
Due from other governmental units	11,788,993	79,869	11,868,862
Inventory	23,613	47,022	70,635
Prepaid items	<u>24,081</u>		
 Total assets	 <u><u>\$ 32,427,322</u></u>	 <u><u>\$</u></u>	 <u><u>\$</u></u>
Liabilities			
Accounts payable	\$ 360,786	24,081 \$ 342,946	\$ 703,732
Due to other funds	52,276	265,557	317,833
Due to other governmental units	1,225,260	36,311,500 34,566	1,259,768
Payroll deductions and withholdings	3,897,129	-	977,129
Accrued expenditures	573,997	-	573,997
Accrued salaries payable	2,433,669	-	2,433,669
Unearned revenue	<u>2,196,371</u>		
 Total liabilities	 <u><u>7,819,488</u></u>	 <u><u>2,196,371</u></u>	 <u><u>8,462,499</u></u>
	 <u><u>643,011</u></u>		

See Accompanying Notes to the Financial Statements

Carman-Ainsworth Community Schools
Governmental Funds
Balance Sheet
June 30, 2024

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<hr/>			
Deferred Inflows of Resources			
Unavailable revenue			
Grants received	2,567,258		
	<hr/>	<hr/>	<hr/>
Fund Balances			
Non-spendable		2,567,258	
Inventory	23,613	47,022	70,635
Prepaid items	24,081	-	24,081
Restricted for			
Food service	-	759,319	759,319
Debt service	-	1,572,615	1,572,615
Capital projects	-	463,698	463,698
Committed for			
Student activities	-	304,495	304,495
Assigned for			
Community services	-	94,018	94,018
Fiscal year 24-25 budgeted excess expenditures over revenues	2,067,155	-	2,067,155
Unassigned	19,925,727		
	<hr/>	<hr/>	<hr/>
Total fund balances	22,040,576	3,241,167	25,281,743
		19,925,727	
Total liabilities, deferred inflows of resources, and fund balances	\$ 32,427,322	\$	\$
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See Accompanying Notes to the Financial Statements

Carman-Ainsworth Community Schools
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2024

Total fund balances for governmental funds	\$ 25,281,743
Total net position for governmental activities in the statement of net position is different because:	
Certain receivables are not available to pay for current period expenditures and, therefore, are unavailable in the funds.	
Other governmental units	2,567,258
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	1,675,056
Capital assets - net of accumulated depreciation	42,983,079
Net OPEB asset is not recorded as an asset in the governmental funds.	1,342,135
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from the net pension liability	21,929,141
Deferred outflows of resources resulting from the net OPEB asset	4,447,377
Deferred inflows of resources resulting from the net pension liability	(16,147,136)
Deferred inflows of resources resulting from the net OPEB asset	(11,657,497)
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(56,250)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.	
Net pension liability	(77,097,604)
Compensated absences	(682,141)
Bonds payable	<u>(9,757,485)</u>
Net position of governmental activities	<u>\$ (15,172,324)</u>

See Accompanying Notes to the Financial Statements

Carman-Ainsworth Community Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2024

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Local sources	\$ 8,273,313	\$ 4,544,563	\$ 12,817,876
State sources	43,045,102	252,543	43,297,645
Federal sources	6,769,753	2,468,091	9,237,844
Interdistrict sources	<u>962,294</u>		
Total revenues	<u>59,050,462</u>	<u>7,265,197</u>	<u>66,315,659</u>
Expenditures			962,294
Current			
Education			
Instruction	34,359,438	-	34,359,438
Supporting services	22,971,184	314,787	23,285,971
Food services	-	2,927,655	2,927,655
Community services	325,187	294,689	619,876
Facilities acquisition	-	407,027	407,027
Capital outlay	523,325	-	523,325
Debt service			
Principal	-	2,670,000	2,670,000
Interest and other expenditures	<u>-</u>		
Total expenditures	<u>58,179,134</u>	<u>7,065,958</u>	<u>65,245,092</u>
Excess of revenues over expenditures	<u>871,328</u>	<u>199,239</u>	<u>1,070,567</u>
		451,800	

See Accompanying Notes to the Financial Statements

Carman-Ainsworth Community Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2024

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses)			
Insurance recoveries	36,703	-	36,703
Proceeds from sale of capital assets	12,463	-	12,463
Transfers in	91,648	-	91,648
Transfers out	-		
	<u>140,814</u>	<u>(91,648)</u>	
Total other financing sources (uses)			
	1,012,192	(91,648)	1,119,733
Net change in fund balances			
	<u>21,028,434</u>	<u>(91,648)</u>	
Fund balances - beginning			
	<u>\$ 22,040,576</u>	<u>\$ 49,166</u>	<u>\$</u>
Fund balances - ending			
	3,133,576	24,162,010	
	3,241,167	25,281,743	

See Accompanying Notes to the Financial Statements

Carman-Ainsworth Community Schools
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2024

Net change in fund balances - Total governmental funds	\$ 1,119,733
Total change in net position reported for governmental activities in the statement of activities is different because:	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Operating grants	(68,054)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation and amortization expense	(1,775,685)
Capital outlay	1,358,682
Expenses are recorded when incurred in the statement of activities.	
Interest	19,050
Benefit claims	4,326
Compensated absences	10,374
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.	
Net change in net pension liability	14,822,623
Net change in deferrals of resources related to the net pension liability	(14,864,129)
The statement of net position reports the net OPEB asset and deferred outflows of resources and deferred inflows related to the net OPEB asset and OPEB changes. However, the amount recorded on the governmental funds equals actual OPEB contributions.	
Net change in net OPEB asset	6,426,301
Net change in deferrals of resources related to the net OPEB asset	(1,865,826)
Bond and note proceeds are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are recorded as liabilities and amortized in the statement of activities. When debt refunding occurs, the difference in the carrying value of the refunding debt and the amount applied to the new debt is reported the same as regular debt proceeds or repayments, as a financing source or expenditure in the governmental funds. However, in the statement of net position, debt refunding may result in deferred inflows of resources or deferred outflows of resources, which are then amortized in the statement of activities.	
Repayments of long-term debt	2,670,000
Amortization of premiums	<u>150,523</u>
Change in net position of governmental activities	<u>\$ 8,007,918</u>

See Accompanying Notes to the Financial Statements

Carman-Ainsworth Community Schools
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2024

	<u>Custodial Funds</u>
Assets	
Cash	<u>\$ 52,951</u>
Net Position	
Assets held for scholarships	<u><u>\$ 52,951</u></u>

Carman-Ainsworth Community Schools
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2024

	<u>Custodial Funds</u>
Additions	
Local sources	\$ 25
Deductions	
Scholarships	<u>4,000</u>
Change in net position	(3,975)
Net position - beginning	<u>56,926</u>
Net position - ending	<u><u>\$ 52,951</u></u>

See Accompanying Notes to the Financial Statements

Carman-Ainsworth Community Schools

Notes to the Financial Statements

June 30, 2024

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Carman-Ainsworth Community Schools (School District) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the School District's significant accounting policies:

Reporting Entity

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

District-wide Financial Statements

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

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

The statement of activities reports both the gross and net cost of each of the School District's functions. The functions are also supported by general government revenues (property taxes and certain

intergovernmental revenues). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

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

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

Fund Financial Statements

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

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

Property taxes, unrestricted state aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

Carman-Ainsworth Community Schools

Notes to the Financial Statements

June 30, 2024

Fiduciary fund statements also are reported using the economic resources measurement focus and the accrual basis of accounting.

The School District reports the following major governmental funds:

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

Additionally, the School District reports the following fund types:

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

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

Sinking Fund - The Sinking Fund is used to record the sinking fund property tax levy and other revenue and the disbursement of invoices specifically for acquiring new school sites, construction, or repair of school buildings.

Fiduciary Funds - Fiduciary Funds are used to account for assets held by the School District in a trustee capacity or as an agent. The Custodial Funds are funds entrusted to the School District for scholarship awards and the principal and interest of the trust may be spent.

Assets, Liabilities and Net Position or Equity

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

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

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2024, the rates are as follows per \$1,000 of assessed value.

General Fund	
Non-principal residence exemption	17.6510
Commercial personal property	5.6510
Debt Service Funds	4.1000
Sinking Fund	0.4989

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries. The entire tax roll of the School District's lies within Genesee County.

The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due on or before September 14 or February 14. Collections are forwarded to the School District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by the Genesee County and remitted to the School District by May 15.

Investments - Investments are stated at fair value. Certificates of deposit are stated at cost which approximates fair value.

Inventories and Prepaid Items - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed, rather than when purchased.

Carman-Ainsworth Community Schools

Notes to the Financial Statements

June 30, 2024

Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the School District follows the consumption method, and they therefore are capitalized as prepaid items in both district-wide and fund financial statements.

Capital Assets - Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their acquisition value at the date of donation. The School District defines capital assets as assets with an initial individual cost in excess of \$5,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure assets. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	20 - 50 years
Equipment and furniture	5 - 20 years
Buses and other vehicles	5 - 10 years

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

Compensated Absences - Unpaid sick days for teachers, administrators, secretaries, custodians and bus drivers are allowed to accumulate and be paid upon retirement. Administrators are paid at the

rate of \$80 per day, teachers at \$60 per day, secretaries and custodians at \$40 per day for the first 75 days and \$50 for each additional day, bus drivers at \$35 per day and food service employees at \$25 per day. All other district employees are allowed to accumulate a limited number of sick days; however, these days do not vest to the employee and are not payable upon termination. Certain school employees (executive secretaries and employees under the clerical or maintenance workers contracts) are allowed to accumulate vacation days on an earned basis.

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

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

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

Postemployment Benefits Other Than Pensions - For purposes of measuring the net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been

Carman-Ainsworth Community Schools

Notes to the Financial Statements

June 30, 2024

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

Fund Balance - In the fund financial statements, governmental funds report fund balances in the following categories:

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

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

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

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

Unassigned - all other resources; the remaining fund balances after non-spendable, restrictions, commitments, and assignments.

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

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

Use of Estimates

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

Eliminations and Reclassifications

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

Carman-Ainsworth Community Schools

Notes to the Financial Statements

June 30, 2024

Adoption of New Accounting Standards

Statement No. 100, *Accounting Changes and Error Corrections*, improves the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. More understandable, reliable, relevant, consistent and comparable information will be provided to financial statement users for making decisions or assessing accountability. Additionally, the display and note disclosure requirements will result in more consistent, decision useful, understandable and comprehensive information for users about accounting changes and error corrections.

Upcoming Accounting and Reporting Changes

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for the year ending June 30, 2025.

Statement No. 102, *Certain Risk Disclosures*, requires organizations to provide users of the financial statements with essential information about risks related to the organization's vulnerabilities due to certain concentrations or constraints. This statement is effective for the year ending June 30, 2025.

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing an organization's accountability while also addressing certain application issues. This statement includes changes to management's discussion and analysis, unusual or infrequent items, presentation of the proprietary fund statements of revenues, expenses, and changes in fund net position, major component unit information, and budgetary comparison information. This statement is effective for the year ending June 30, 2026.

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

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

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

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

The Superintendent is authorized to transfer budgeted amounts between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

Budgeted amounts are as originally adopted or as amended by the Board of Education throughout the year.

Excess of Expenditures over Appropriations

The School District did not have significant expenditure budget variances.

Compliance - Sinking Funds

The School District's Capital Projects Fund records capital project activities funded with Sinking Fund millage. For this fund, the school district has complied with the applicable provisions of Section 1212 of the Revised School Code.

Carman-Ainsworth Community Schools

Notes to the Financial Statements

June 30, 2024

Note 3 - Deposits and Investments

The School District's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds	Total Primary Government
Cash	\$ 24,019,722	\$ 52,951	\$ 24,072,673

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

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 23,658,317
Investments in securities, mutual funds, and similar vehicles	409,046
Petty cash and cash on hand	5,310
Total	\$ 24,072,673

As of year end, the School District had the following investments:

Investment	Carrying Value	Maturities	Rating	Organization
External investment pools:				
Michigan Liquid Asset Fund (MILAF):				
MILAF + Portfolio				
Cash Management Class	\$ 3	< 60 days	AAAm	S&P
Michigan Class	409,043	< 60 days	AAAm	S&P
	\$ 409,046			

The valuation method for investments measured at net asset value (NAV) per share (or its equivalent) is discussed below.

As of June 30, 2024, the net asset value of the School District's investment in MILAF + Portfolio and Michigan Class was \$409,046. Participation in these investment pools has not resulted in any unfunded commitments. Shares are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made provided the School District has sufficient shares to meet the redemption request. In the event of an emergency that would make the determination of net asset value not reasonably practical, the Trust's Board of Trustees may suspend the right of withdrawal or postpone the date of payment. The net asset value ("NAV") per share of the MILAF+ Portfolio and Michigan Class is calculated as of the close of business each business day by dividing the net position of these Portfolio's by the number of its outstanding shares. It is the MILAF+ Portfolio and Michigan Class's objective to maintain a NAV of \$1.00 per share, however, there is no assurance that this objective will be achieved. The exact price for share transactions will be determined based on the NAV next calculated after receipt of a properly executed order. The number of shares purchased or redeemed will be determined by the NAV.

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

Credit risk - State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District has no investment policy that would further limit its investment choices.

Carman-Ainsworth Community Schools
Notes to the Financial Statements
June 30, 2024

Concentration of credit risk - The School District's investment policy does not allow for an investment in any one issuer that is in excess of five percent of the School District's total investments.

Custodial credit risk - deposits - In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of year end, \$25,849,713 of the School District's bank balance of \$26,099,713 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk - investments - For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of year end, none of the School District's investments were exposed to custodial credit risk.

Note 4 - Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 1,535,200	\$ -	\$ -	\$ 1,535,200
Construction-in-progress	-	139,856		
Total capital assets not being depreciated	1,535,200	139,856		1,675,056
Capital assets being depreciated			139,856	
Buildings and additions	80,428,922	455,331	-	80,884,253
Equipment and furniture	8,545,735	713,495	-	9,259,230
Buses and other vehicles	3,440,697	- 50,000	574,084	2,916,613
Total capital assets being depreciated	92,415,354	1,218,826	574,084	93,060,096
Less accumulated depreciation for				
Buildings and additions	38,192,986	1,501,524	-	39,694,510
Equipment and furniture	8,149,217	152,477	-	8,301,694
Buses and other vehicles	2,533,213	121,684	574,084	2,080,813
Total accumulated depreciation	48,875,416	1,775,685	574,084	50,077,017
Net capital assets being depreciated	43,539,938	(556,859)		42,983,079
Net capital assets	\$ 45,075,138	\$ (417,003)	\$	\$ 44,658,135

Depreciation expense of capital assets were charged to activities of the School District as follows:

Governmental activities	
Instruction	\$ 994,384
Supporting services	674,760
Food services	88,784
Community services	17,757
Total governmental activities	<u>\$ 1,775,685</u>

Carman-Ainsworth Community Schools

Notes to the Financial Statements

June 30, 2024

Construction Contracts

At year end, the School District had several uncompleted construction contracts in the capital projects fund. The remaining commitment on these construction contracts was approximately \$280,000.

Note 5 - Interfund Receivables, Payables, and Transfers

Individual interfund receivable and payable balances at year end were:

Payable Fund	Receivable Fund	Amount
Nonmajor Governmental Funds	General Fund	\$ 265,557
General Fund	Nonmajor Governmental Funds	<u>52,276</u>
		<u>\$ 317,833</u>

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

Management does not anticipate individual interfund balances to remain outstanding for periods in excess of one year.

Interfund transfers consist of the following:

Transfer in	Transfer Out
	Nonmajor Governmental Funds
General Fund	<u>\$ 91,648</u>

This transfer was made from the Food Service Fund to the General Fund to cover the indirect costs.

Note 6 - Unearned Revenue

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

Grant and categorical aid payments received prior to meeting all eligibility requirements	<u>\$ 2,196,371</u>
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Note 7 - Long-Term Debt

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Other long-term obligations include compensated absences and workers compensation claims.

Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Bonds and notes payable					
General obligation bonds	\$ 12,160,000	\$ -	\$ 2,670,000	\$ 9,490,000	\$ 2,685,000
Premium on bonds	<u>418,008</u>		<u>150,523</u>	<u>267,485</u>	
Total bonds payable	<u>12,578,008</u>		<u>2,820,523</u>	<u>9,757,485</u>	<u>2,685,000</u>
Other liabilities					
Compensated absences	692,515	-	10,374	682,141	5,000
Workers compensation	<u>4,326</u>		<u>4,326</u>		
Total other liabilities	<u>696,841</u>		<u>14,700</u>	<u>682,141</u>	<u>5,000</u>
Total	<u>\$ 13,274,849</u>	<u>\$ -</u>	<u>\$ 2,835,223</u>	<u>\$ 10,439,626</u>	<u>\$ 2,690,000</u>

For governmental activities, compensated absences and workers compensation claims are primarily liquidated by the General Fund.

Carman-Ainsworth Community Schools

Notes to the Financial Statements

June 30, 2024

General obligation bonds payable at year end, consist of the following:

\$6,805,000 refunding bond due in annual installments of \$3,345,000 to 3,460,000 through May 2027, interest is 3.00% to 4.00%.	\$ 6,805,000
\$10,100,000 refunding bond due in annual installments of \$2,685,000 through May 2025, interest at 4.00%.	<u>2,685,000</u>
Total general obligation bonded debt	<u>\$ 9,490,000</u>

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

<u>Year Ending June 30,</u>	<u>Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 2,685,000	\$ 345,000
2026	3,345,000	237,600
2027	<u>3,460,000</u>	<u>103,800</u>
Total	<u>\$ 9,490,000</u>	<u>\$</u>

The general obligation bonds are payable from the Debt Service Funds. As of year end, the fund had a balance of \$1,572,615 to pay this debt. Future debt and interest will be payable from future tax levies.

Interest expenditures for the fiscal year in the Debt Service funds were \$451,800.

Compensated Absences

Accrued compensated absences at year end, consist of \$52,103 of vacation hours earned and vested and \$630,038 in accrued sick time benefits. The amount anticipated to be paid out over the next year is included within the amounts listed as due within one year.

Note 8 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers'

compensation) and certain medical benefits provided to employees. The School District has purchased commercial insurance for general liability, property and casualty and health and vision claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in the past three fiscal years.

The School District is self-insured under the Michigan Worker's Disability Compensation Act. Workers' compensation excess insurance has been retained for the aggregate claims exceeding \$500,000 per employee for each annual policy period, to a maximum of \$5,000,000. The amount of claim settlements has not exceeded insurance coverage in any of the past three fiscal years. The expenditures for the year were \$62,953.

Note 9 - Pension Plan

Plan Description

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

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

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the

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general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.

The System's financial statements are available on the ORS website at www.michigan.gov/orsschools.

Benefits Provided

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

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

Contributions

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

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

(overfunded) actuarial accrued liability as of the September 30, 2022 valuation will be amortized over a 16-year period beginning October 1, 2022 and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for plan year ended September 30, 2023.

Pension Contribution Rates		
Benefit Structure	Member	Employer
Basic	0.0 - 4.0%	20.16%
Member Investment Plan	3.0 - 7.0%	20.16%
Pension Plus	3.0 - 6.4%	17.24%
Pension Plus 2	6.2%	19.95%
Defined Contribution	0.0%	13.75%

Required contributions to the pension plan from the School District were \$8,585,175 for the year ending September 30, 2023.

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

At June 30, 2024, the School District reported a liability of \$77,097,604 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2022. The School District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2023, the School District's proportion was .2382 percent, which was a decrease of .0062 percent from its proportion measured as of September 30, 2022.

For the plan year ending September 30, 2023, the School District recognized pension expense of \$7,493,671 for the measurement

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period. For the reporting period ending June 30, 2024, the School District recognized total pension contribution expense of \$9,633,529.

At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	\$ 2,433,736	\$ (118,101)	\$ 2,315,635
Changes of assumptions	10,447,076	(6,023,547)	4,423,529
Net difference between projected and actual earnings on pension plan investments	-	(1,577,667)	(1,577,667)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	-	(3,820,291)	(3,820,291)
Total to be recognized in future	12,880,812	(11,539,606)	1,341,206
School District contributions subsequent to the measurement date	9,048,329	(4,607,530)	4,440,799
Total	<u>\$21,929,141</u>	<u>\$ (16,147,136)</u>	<u>\$ 5,782,005</u>

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. The District will offset the contribution expense in the year ended June 30, 2025 with the 147c supplemental income received

subsequent to the measurement date which is included in the deferred inflows of resources.

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

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future Pension Expenses)	
2024	\$ (43,795)
2025	51,710
2026	2,692,977
2027	(1,359,686)
	<u>\$ 1,341,206</u>

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2022
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return:
 - MIP and Basic Plans: 6.00% net of investment expenses
 - Pension Plus Plan: 6.00% net of investment expenses
 - Pension Plus 2 Plan: 6.00% net of investment expenses

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- Projected Salary Increases: 2.75 - 11.55%, including wage inflation at 2.75%
- Cost-of-Living Pension Adjustments: 3% Annual Non-Compounded for MIP Members
- Mortality:
 - Retirees: PubT-2010 Male and Female Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
 - Active: PubT-2010 Male and Female Employee Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2023 valuation. The total pension liability as of September 30, 2023, is based on the results of an actuarial valuation date of September 30, 2022, and rolled forward using generally accepted actuarial procedures, including the experience study.

Recognition period for liabilities is the average of the expected remaining service lives of all employees is 4.4406 years.

Recognition period for assets is 5 years.

Full actuarial assumptions are available in the 2023 MPSERS Annual Comprehensive Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets

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

each major asset class included in the pension plan's target asset allocation as of September 30, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long Term
		Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.8%
Private Equity Pools	16.0	9.6%
International Equity	15.0	6.8%
Fixed Income Pools	13.0	1.3%
Real Estate and Infrastructure Pools	10.0	6.4%
Absolute Return Pools	9.0	4.8%
Real Return/Opportunistic Pools	10.0	7.3%
Short Term Investment Pools	2.0	0.3%
	<u>100.0%</u>	

**Long-term rates of return are net of administrative expenses and 2.7% inflation.*

Rate of Return

For the plan year ended September 30, 2023, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 8.29%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 6.00% was used to measure the total pension liability (6.00% for the Pension Plus plan, 6.00% for the Pension Plus 2, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.00% (6.00% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan). The projection of cash flows used to determine this discount rate assumed that plan member contributions

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

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

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 6.00% (6.00% for the Pension plus plan, 6.00% for the Pension Plus 2 plan), as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease 5.00%	Current Single Discount Rate Assumption 6.00%	1% Increase 7.00%
\$ 104,158,638	\$	\$

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

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

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

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

Note 10 - Postemployment Benefits Other Than Pensions (OPEB)

Plan Description

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

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

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

The System's financial statements are available on the ORS website at www.michigan.gov/orsschools.

Benefits Provided

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning with fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree healthcare recipient. For members who

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first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP Graded plan members) the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008 (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

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

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

Contributions

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and

retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2022 valuation will be amortized over a 16-year period beginning October 1, 2022 and ending September 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for plan year 2023.

OPEB Contribution Rates		
Benefit Structure	Member	Employer
Premium Subsidy	3.0%	8.07%
Personal Healthcare Fund (PHF)	0.0%	7.21%

Required contributions to the OPEB plan from the School District were \$1,848,188 for the year ended September 30, 2023.

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

At June 30, 2024, the School District reported an asset of \$1,342,135 for its proportionate share of the MPSERS net OPEB asset. The net OPEB asset was measured as of September 30, 2023, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 2022. The School District's proportion of the net OPEB asset was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable

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June 30, 2024

employers during the measurement period. At September 30, 2023, the School District's proportion was .2373 percent, which was a decrease of .0028 percent from its proportion measured as of September 30, 2022.

For the plan year ending September 30, 2023, the School District recognized OPEB expense of \$(2,845,081) for the measurement period. For the reporting period ending June 30, 2024, the School District recognized total OPEB contribution expense of \$1,680,388.

At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	\$ -	\$(10,141,861)	\$(10,141,861)
Changes of assumptions	2,987,826	(359,791)	2,628,035
Net difference between projected and actual earnings on OPEB plan investments	4,092	-	4,092
Changes in proportion and differences between the School District contributions and proportionate share of contributions	<u>16,612</u>	<u>(1,155,845)</u>	<u>(1,139,233)</u>
Total to be recognized in future	3,008,530	(11,657,497)	(8,648,967)
School District contributions subsequent to the measurement date	<u>1,438,847</u>		<u>1,438,847</u>
Total	<u>\$ 4,447,377</u>	<u>\$(11,657,497)</u>	<u>\$ (7,210,120)</u>

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as an addition to the net OPEB asset in the year ended June 30, 2025.

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

Deferred (Inflow) and Deferred Outflow of Resources by Year
(To Be Recognized in Future OPEB Expenses)

2024	\$(2,851,632)
2025	(2,641,905)
2026	(1,080,613)
2027	(982,178)
2028	(728,286)
Thereafter	<u>(364,353)</u>
	<u><u>\$(8,648,967)</u></u>

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2022
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return: 6.95% net of investment expenses
- Projected Salary Increases: 2.75 – 11.55%, including wage inflation of 2.75%
- Healthcare Cost Trend Rate: Pre-65: 7.50% Year 1 graded to 3.5% Year 15; Post-65: 6.25% Year 1 graded to 3.5% Year 15

- Mortality:
 - Retirees: PubT-2010 Male and Female Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
 - Active: PubT-2010 Male and Female Employee Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Other Assumptions:

- 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 coverages continuing after the retiree's death.
- Coverage Election at Retirement: 75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2023 valuation. The total OPEB liability as of September 30, 2023, is based on the results of an actuarial valuation date of September 30, 2022, and rolled forward using generally accepted actuarial procedures, including the experience study.

Recognition period for liabilities is the average of the expected remaining service lives of all employees in years is 6.5099.

Recognition period for assets is 5 years.

Full actuarial assumptions are available in the 2023 MPSERS Annual Comprehensive Financial Report found on the ORS website at www.michigan.gov/orsschools.

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Long-Term Expected Return on Plan Assets

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.8%
Private Equity Pools	16.0	9.6%
International Equity	15.0	6.8%
Fixed Income Pools	13.0	1.3%
Real Estate and Infrastructure Pools	10.0	6.4%
Absolute Return Pools	9.0	4.8%
Real Return/Opportunistic Pools	10.0	7.3%
Short Term Investment Pools	2.0	0.3%
	<u>100.0%</u>	

*Long-term rates of return are net of administrative expenses and 2.7% inflation.

Rate of Return

For the plan year ended September 30, 2023, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 7.94%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 6.00% 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 6.00%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the School District's proportionate share of the net OPEB liability or asset calculated using the discount rate of 6.00%, as well as what the School District's proportionate share of the net OPEB liability or asset would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
<u>\$ 1,391,391</u>	<u>\$</u>	<u>\$</u>

(1,342,135)

(3,691,332)

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

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

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$ (3,697,189)	\$ (1,342,135)	\$ 1,206,806

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2023 MPSERS Annual Comprehensive Financial Report, available on the ORS website at www.michigan.gov/orsschools.

Payables to the OPEB Plan

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

Note 11 - Contingent Liabilities

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time, although the School District expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the year June 30, 2024.

Note 12 - Tax Abatements

The School District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions and Brownfield Redevelopment Agreements granted by Genesee County. 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.

There are no significant abatements made by the School District.

Note 13 - Correction of an Error

During the fiscal year ended June 30, 2023, the School District did not recognize certain deferred inflows of resources related to Title I, Part A. This caused the net position to be restated for District-Wide, as shown below. In addition, the School District did not recognize the above mentioned deferred inflows of resources and related receivables in the General Fund, which had no impact on the fund balance for the year ended June 30, 2023.

	June 30, 2023 As Previously Reported	Error Correction	June 30, 2023 As Restated
District-Wide			
Governmental Activities	<u>\$(24,535,443)</u>	<u>\$ 1,355,201</u>	<u>\$(23,180,242)</u>

REQUIRED SUPPLEMENTARY INFORMATION

Carman-Ainsworth Community Schools
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2024

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
Revenues				
Local sources	\$ 8,571,660	\$ 8,895,753	\$ 8,273,313	\$ (622,440)
State sources	36,993,815	43,254,934	43,045,102	(209,832)
Federal sources	10,577,515	10,318,610	6,769,753	(3,548,857)
Interdistrict sources	<u>523,930</u>	<u>523,930</u>		
Total revenues	<u>56,666,920</u>	<u>62,993,227</u>	<u>59,050,462</u>	<u>(3,942,765)</u>
Expenditures				
Instruction				
Basic programs	28,762,531	29,220,643	26,931,461	(2,289,382)
Added needs	8,559,264	8,774,085	7,427,977	(1,346,108)
Supporting services				
Pupil	5,750,206	6,228,269	5,474,562	(753,707)
Instructional staff	3,002,970	3,437,341	3,225,600	(211,741)
General administration	867,886	1,052,296	910,413	(141,883)
School administration	3,380,819	3,687,137	3,203,672	(483,465)
Business	965,957	1,054,443	694,524	(359,919)
Operations and maintenance	5,193,383	5,260,261	5,147,808	(112,453)
Pupil transportation services	2,437,963	2,679,114	2,114,843	(564,271)
Central	1,831,570	2,111,517	1,538,068	(573,449)
Athletic activities	840,056	860,850	661,694	(199,156)
Community services	220,576	475,201	325,187	(150,014)
Capital outlay	<u>438,564</u>			
Total expenditures	<u>62,251,745</u>	<u>65,405,446</u>	<u>58,179,134</u>	
Excess (deficiency) of revenues over expenditures	<u>(5,584,825)</u>	<u>(2,412,219)</u>	<u>871,328</u>	
	564,089	523,325	(40,764)	

Carman-Ainsworth Community Schools
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2024

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
Other Financing Sources (Uses)				
Insurance recoveries	-	-	36,703	36,703
Proceeds from sale of capital assets	1,000	1,000	12,463	11,463
Transfers in	120,000	120,000	91,648	(28,352)
Transfers out	(126,561)			
Total other financing sources (uses)	(5,561)	17,648	140,814	123,166
Net change in fund balances	(5,590,386)	(2,394,571)	1,012,142	(103,352) 3,406,713
Fund balance - beginning	21,028,434	21,028,434	21,028,434	
Fund balance - ending	\$ 15,438,048	\$ -	\$	\$
	18,633,863	22,040,576	3,406,713	

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

	June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
A. School District's proportion of the net pension liability (%)	0.2382%	0.2444%	0.2488%	0.2577%	0.2662%	0.2709%	0.2769%	0.2936%	0.2956%	0.2965%
B. School District's proportionate share of the net pension liability	\$ 77,097,604	\$ 91,920,227	\$ 58,914,242	\$ 88,533,914	\$ 88,145,283	\$ 81,448,346	\$ 71,745,729	\$ 73,246,788	\$ 72,197,727	\$ 65,311,972
C. School District's covered payroll	\$ 23,373,174	\$ 22,964,944	\$ 21,919,463	\$ 22,140,781	\$ 22,946,882	\$ 22,758,187	\$ 22,443,354	\$ 24,601,870	\$ 24,885,860	\$ 25,412,351
D. School District's proportionate share of the net pension liability as a percentage of its covered payroll	329.86%	400.26%	268.78%	399.87%	384.13%	357.89%	319.67%	297.73%	290.12%	257.01%
E. Plan fiduciary net position as a percentage of total pension liability	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

Note Disclosures

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2023.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2023.

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

	For the Years Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
A. Statutorily required contributions	\$ 9,633,529	\$ 8,587,801	\$ 8,317,769	\$ 7,082,824	\$ 7,070,807	\$ 7,054,453	\$ 6,850,971	\$ 6,657,657	\$ 6,686,246	\$ 7,197,468
B. Contributions in relation to statutorily required contributions	<u>9,633,529</u>	<u>8,587,801</u>	<u>8,317,769</u>	<u>7,082,824</u>	<u>7,070,807</u>	<u>7,054,453</u>	<u>6,850,971</u>	<u>6,657,657</u>	<u>6,686,246</u>	<u>7,197,468</u>
C. Contribution deficiency (excess)	\$ -	\$	\$	\$	\$	\$	\$	\$	\$	\$
D. School District's covered payroll	\$ 24,136,311	\$ 19,511,900	\$ 23,008,249	\$ 21,560,048	\$ 22,437,380	\$ 22,894,698	\$ 22,703,978	\$ 23,352,177	\$ 24,229,992	\$ 25,200,529
E. Contributions as a percentage of covered payroll	39.91%	44.01%	36.15%	32.85%	31.51%	30.81%	30.18%	28.51%	27.59%	28.56%

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

	June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
A. School District's proportion of the net OPEB liability (asset) (%)	0.2373%	0.2400%	0.2456%	0.2515%	0.2637%	0.2681%	0.2771%			
B. School District's proportionate share of the net OPEB liability (asset)	\$ (1,342,135)	\$ 5,084,166	\$ 3,749,962	\$ 13,473,785	\$ 18,928,340	\$ 21,307,738	\$ 24,535,760			
C. School District's covered payroll	\$ 23,373,174	\$ 22,964,944	\$ 21,919,463	\$ 22,140,781	\$ 22,946,882	\$ 22,758,187	\$ 22,443,354			
D. School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-5.74%	22.14%	17.11%	60.86%	82.49%	93.63%	109.32%			
E. Plan fiduciary net position as a percentage of total OPEB liability	105.04%	83.09%	87.33%	59.44%	36.39%	42.95%	36.39%			

Note Disclosures

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2023.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2023.

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

	For the Years Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
A. Statutorily required contributions	\$ 1,680,388	\$ 1,835,994	\$ 1,852,150	\$ 1,776,944	\$ 1,810,644	\$ 1,806,848	\$ 1,761,808			
B. Contributions in relation to statutorily required contributions	<u>1,680,388</u>					<u>1,806,848</u>				
C. Contribution deficiency (excess)	\$ -	\$	\$	\$	\$	\$	\$			
D. School District's covered payroll	\$ 24,136,311	\$ 19,511,900	\$ 23,008,249	\$ 21,560,048	\$ 22,437,380	\$ 22,894,698	\$ 22,703,978			
	1,835,994	1,852,150	1,776,944	1,810,644		1,761,808				
E. Contributions as a percentage of covered payroll	6.96%	9.41%	8.05%	8.24%	8.07%	7.89%	7.76%			

OTHER SUPPLEMENTARY INFORMATION

Carman-Ainsworth Community Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2024

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Community Service Fund	Food Service Fund	Student Activities Fund	Debt Service Funds	Sinking Fund	
Assets						
Cash	\$ 97,848	\$ 1,268,931	\$ 304,495	\$ 1,570,541	\$ 463,196	\$ 3,705,011
Due from other funds	-	-	-	2,074	50,202	52,276
Due from other governmental units	-	79,869	-	-	-	79,869
Inventory	-	-	-	-	-	-
	<u>\$ 97,848</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Liabilities						
Accounts payable	47,022				47,022	
Due to other funds	\$ -	\$ 293,246	\$ -	\$ -	\$ 49,700	\$ 342,946
Due to other governmental units	3,830	261,727	-	-	-	265,557
	<u>1,395,822</u>	<u>-</u>	<u>1,572,615</u>	<u>-</u>	<u>3,884,178</u>	
		304,495		513,398		
Total liabilities	<u>3,830</u>	<u>589,481</u>				
Fund Balances						
Non-spendable	34,508				34,508	
Inventory	-	47,022	-	-	-	47,022
Restricted for						
Food service	-	759,319	-	-	643,011	759,319
Debt service	-	-	-	1,572,615	-	1,572,615
Capital projects	-	-	-	-	463,698	463,698
Committed for						
Student activities	-	-	304,495	-	-	304,495
Assigned for						
Community services	<u>94,018</u>					
Total fund balances	<u>94,018</u>	<u>806,341</u>	<u>304,495</u>			
Total liabilities and fund balances	<u>\$ 97,848</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,572,615</u>	<u>\$ 513,398</u>	<u>\$</u>
		6 - 1	-	-	-	-
			1,572,615		3,241,167	

Carman-Ainsworth Community Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2024

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Community Service Fund	Food Service Fund	Student Activities Fund	Debt Service Funds	Sinking Fund	
Revenues						
Local sources	\$ 247,252	\$ 63,770	\$ 325,042	\$ 3,468,157	\$ 440,342	\$ 4,544,563
State sources	-	123,277	-	115,243	14,023	252,543
Federal sources	-					
Total revenues	247,252	2,655,138	325,042			
	2,468,091				2,468,091	
Expenditures						
Current						
Education			-	-		
Supporting services	-	-	314,787	-	7,265,197	314,787
Food services	-	2,927,655	3,583,400	-	-	2,927,655
Community services	294,689	-	-	454,365	-	294,689
Facilities acquisition	-	-	-	-	407,027	407,027
Debt service						
Principal	-	-	-	2,670,000	-	2,670,000
Interest and other expenditures	-					
Total expenditures	294,689	2,927,655	314,787	3,121,800		
Excess (deficiency) of revenues over expenditures	(47,437)	(272,517)	451,800	461,600	451,800	199,239
	-	-	10,255		47,338	
Other Financing Uses						
Transfers out	-			-	7,065,958	
				407,027		
Net change in fund balances	(47,437)	(364,165)	10,255	461,600	47,338	107,591
Fund balances - beginning	141,455	1,170,506	294,240			
	(91,648)				(91,648)	
Fund balances - ending	\$ 94,018	\$ -	\$ -	\$ 1,572,615	\$ 463,698	\$ -

Carman-Ainsworth Community Schools
Other Supplementary Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2024

Year Ending June 30,	2016 Refunding Bond	2021 Refunding Bond	Total
2025	\$ -	\$ 2,685,000	\$ 2,685,000
2026	3,345,000	-	3,345,000
2027	<u>3,460,000</u>		
Total	<u>\$ 6,805,000</u>	<u>\$</u>	<u>\$</u>
		3,460,000	
Principal payments due the first day of	May	May	
Interest payments due the first day of	May and November	May and November	
	2,685,000	9,490,000	
Interest rate	3.00% - 4.00%	4.00%	
Original issue	<u>\$ 6,805,000</u>	<u>\$</u>	

10,100,000

Carman-Ainsworth Community Schools

Single Audit

June 30, 2024



YEO & YEO

**BUSINESS SUCCESS
PARTNERS**

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditors' Report

Management and the Board of Education
Carman-Ainsworth Community Schools
Flint, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Carman-Ainsworth Community Schools, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Carman-Ainsworth Community Schools' basic financial statements, and have issued our report thereon dated October 29, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

Carman-Ainsworth Community Schools' Response to Findings and Corrective Action Plan

Government Auditing Standards requires the auditor to perform limited procedures on Carman-Ainsworth Community Schools' response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs and corrective action plan. Carman-Ainsworth Community Schools' response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Yeo & Yeo, P.C.

Flint, Michigan
October 29, 2024

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

Independent Auditors' Report

Management and the Board of Education
Carman-Ainsworth Community Schools
Flint, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Carman-Ainsworth Community Schools' compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Carman-Ainsworth Community Schools' major federal programs for the year ended June 30, 2024. Carman-Ainsworth Community Schools' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Carman-Ainsworth Community Schools complied, in all material respects, with the 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, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Carman-Ainsworth Community Schools and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Carman-Ainsworth Community Schools' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or agreements applicable to Carman-Ainsworth Community Schools' federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Carman-Ainsworth Community Schools' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Carman-Ainsworth Community Schools' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Carman-Ainsworth Community Schools' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Carman-Ainsworth Community Schools' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Carman-Ainsworth Community Schools' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Carman-Ainsworth Community Schools, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Carman-Ainsworth Community Schools' basic financial statements. We issued our report thereon dated October 29, 2024, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Yeo & Yeo, P.C.

Flint, Michigan
October 29, 2024

Carman-Ainsworth Community Schools
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor Pass-Through Grantor	Grant/ Project Number	Federal Assistance Listing Number	Approved Grant Amount	Accrued (Unearned) Revenue July 1, 2023	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts	Adjustments	Accrued (Unearned) Revenue June 30, 2024
Program or Cluster Title									
U.S. Department of Agriculture									
Passed through Michigan Department of Education									
Child Nutrition Cluster									
School Breakfast Program	231970	10.553	\$ 765,043	\$ 20,036	\$ 674,525	\$ 90,518	\$ 110,554	\$ -	\$ -
School Breakfast Program	241970	10.553	543,041						
Total School Breakfast Program			1,308,084	20,036	674,525	633,559	633,742		
Non-Cash Assistance									
National School Lunch Program - Entitlement	N/A	10.555	135,881	-	543,041	523,188	109,503	19,853	
								19,853	
Cash Assistance									
National School Lunch Program	231960	10.555	1,877,937	42,382	1,649,192	228,745	271,127	-	-
National School Lunch Program - Supply Chain Assistance	240910	10.555	82,416	-	-	82,416	82,416	-	-
National School Lunch Program	241960	10.555	1,413,868	-	109,503			-	
Total Cash Assistance - National School Lunch Program			3,374,221	42,382	1,649,192	1,725,029	1,725,516		
Total National School Lunch Program			3,510,102	42,382	1,649,192	1,834,532	1,835,019	41,895	
Total U.S. Department of Agriculture - Child Nutrition Cluster			4,818,186	62,418	2,323,717	1,371,973	2,468,761	41,895	
						2,468,091			
Federal Communications Commission									
Passed through the Universal Service Administration Company									
COVID-19 Emergency Connectivity Fund	N/A	32.009	356,240				-	41,895	
								61,748	
U.S. Department of Education									
Passed through Genesee Intermediate School District									
Special Education Cluster									
COVID-19 American Rescue Plan (ARP) Special Education -					356,240		-	356,240	
Grants to States - Flowthrough	221280-2122	84.027X	233,378	7,041	204,367	29,011	36,052	-	-
Special Education - Grants to States - Flowthrough	230450-2223	84.027	1,120,839	659,763	1,120,839	-	659,763	-	-
Special Education - Grants to States - Flowthrough	240450-2324	84.027	1,143,208						
Total Special Education - Grants to States - Flowthrough			2,497,425	666,804	1,325,206	1,037,213	1,463,704		
Passed through Genesee Intermediate School District									
COVID-19 ARP Special Education - Preschool Grants	221285-2122	84.173X	13,084	-	3,718	9,366	9,366	-	-
Special Education - Preschool Grants	230460-2223	84.173A	28,419	10,535	28,419	767,889	10,535	240,313	-
Special Education - Preschool Grants	240460-2324	84.173A	35,926						
Total Special Education - Preschool Grants			77,429	10,535	32,137	44,110	44,270		
Total Special Education Cluster			2,574,854	677,339	1,357,343	1,081,323	1,507,974	10,375	
				-	34,744	24,369			
								10,375	
See Accompanying Notes to the Schedule of Expenditures of Federal Awards								250,688	

Carman-Ainsworth Community Schools
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor Pass-Through Grantor	Grant/ Project Number	Federal Assistance Listing Number	Approved Grant Amount	Accrued (Unearned) Revenue July 1, 2023	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts	Adjustments	Accrued (Unearned) Revenue June 30, 2024
Program or Cluster Title									
U.S. Department of Education (Continued)									
Passed through Michigan Department of Education									
Title I - Part A - Grants to Local Education Agencies	221530-2122	84.010	3,023,452	-	1,736,549	-	(9,218)	(9,218)	-
Title I - Part A - Grants to Local Education Agencies	231530-2223	84.010	2,943,478	284,377	1,288,730	299,547	1,939,125	1,355,201	-
Title I - Part A - Grants to Local Education Agencies	241530-2324	84.010	2,212,733						
Total Title I - Part A - Grants to Local Education Agencies			8,179,663	284,377	3,025,279	1,904,874	1,929,907	1,345,983	1,605,327
Passed through Calhoun Intermediate School District									
Title I - Part A - Technical Assistance Grant	231580-2223	84.010	60,000	23,353	23,353	16,261	39,614		
Total Title I - Part A			8,239,663	307,730	3,048,632	1,921,135	1,969,521	1,345,983	1,605,327
Passed through Genesee Intermediate School District									
Career and Technical Education - Basic Grants to States (Perkins)	233520-231215	84.048A	40,412	5,710	27,503	-	5,710	-	-
Career and Technical Education - Basic Grants to States (Perkins)	243520-241215	84.048A	34,516						
Total Career and Technical Education - Basic Grants to States (Perkins)			74,928	5,710	27,503	29,746	22,415		
Passed through Michigan Department of Education									
Title III - Part A - Immigrant Students	220570-2122	84.365	3,236		29,746	16,706		13,041 (149)	
Passed through Michigan Department of Education									
Title II - Part A - Teacher/Principal Training & Recruitment	220520-2122	84.367	483,488	-	315,841	-	(5,458)	(5,458)	-
Title II - Part A - Teacher/Principal Training & Recruitment	230520-2223	84.367	199,484	94,085	185,356	14,128	108,213	-	-
Title II - Part A - Teacher/Principal Training & Recruitment	240520-2324	84.367	441,276	298		(149)			
Total Title II - Part A - Teacher/Principal Training & Recruitment			1,124,248	94,085	501,197	419,230	102,755	(5,458)	405,102
Passed through Michigan Department of Education									
Title IV - Part A - Student Support & Academic Enrichment	220750-2122	84.424	253,456	-	157,656	-	(6,706)	(6,706)	-
Title IV - Part A - Student Support & Academic Enrichment	230750-2223	84.424	184,809	43,580	91,372	93,437	137,017	-	-
Title IV - Part A - Student Support & Academic Enrichment	240750-2324	84.424	200,957						
Total Title IV - Part A - Student Support & Academic Enrichment			639,222	43,580	249,028	258,257	130,311	(6,706)	164,820
Passed through Michigan Department of Education									
Education Stabilization Fund					164,820				
COVID-19 Governor's Emergency Education Relief (GEER) II	211202-2122	84.425C	106,250	-	-	106,250	106,250	-	-
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) III Formula	213713-2122	84.425U	14,393,397						
Total Education Stabilization Fund			14,499,647	741,169	13,188,562	1,185,021	1,463,151		
Total U.S. Department of Education			27,155,798	1,869,613	18,372,563	4,894,712	5,195,978	1,333,876	2,795,767
						13,188,562			
							1,463,151		
								356,789	

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

Carman-Ainsworth Community Schools
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor Pass-Through Grantor	Grant/ Project Number	Federal Assistance Listing Number	Approved Grant Amount	Accrued (Unearned) Revenue July 1, 2023	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts	Adjustments	Accrued (Unearned) Revenue June 30, 2024
Program or Cluster Title									
U.S. Department of Health of Human Services									
Direct Award									
Head Start Cluster									
Early Head Start - Training	22-23	93.600	1,334,318	219,018	987,746	346,572	565,590	-	-
Early Head Start	23-24	93.600	1,439,204						
Total Head Start Cluster			2,773,522	219,018	987,746	1,511,332	1,560,761	-	169,589
Passed through Genesee Intermediate School District									
Medicaid Cluster									
Medicaid Outreach 23-24	N/A	93.778	19,791	-		995,171	19,791		
Total U.S. Department of Health of Human Services			2,793,313	219,018	987,746	1,531,123	1,580,552		
Total Federal Awards			\$ 35,123,537	\$ -	\$ 19,791	\$ -	\$ -	\$ 169,589	\$ -
			2,151,049	21,684,026	9,250,166	9,245,291	1,333,670	3,383,344	

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

Carman-Ainsworth Community Schools
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2024

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Carman-Ainsworth Community Schools under programs of the federal government for the year ended June 30, 2024. 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 Carman-Ainsworth Community Schools, it is not intended to and does not present the financial position or changes in financial position of Carman-Ainsworth Community Schools.

Note 2 - Summary of Significant Accounting Policies

Expenditures

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

Indirect Cost Rate

Carman-Ainsworth Community Schools has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3 - Michigan Department of Education Disclosures

Management has reported the expenditures on the Schedule equal to those amounts reported in the annual or final cost reports that have been submitted for that particular grant year.

The federal amounts reported on the Grant Auditor Report (GAR) and the Genesee Intermediate School District (GISD) Subrecipient Schedule are in agreement with the Schedule, except for the following:

	Grant/ Project Number	Federal Assistance Listing Number	Reported on Grant Auditor Report/GISD Subrecipient Schedule	Reported on Schedule of Expenditures of Federal Awards	Variance
COVID-19 American Rescue Plan (ARP) Special Education - Grants to States - Flowthrough	221280-2122	84.027X	\$ 97,870	\$ 36,052	\$ 61,818
COVID-19 ARP Special Education - Preschool Grants	221285-2122	84.173X	13,084	9,366	3,718
Career and Technical Education - Basic Grants to States (Perkins)	233520-231215	84.048A	5,711	5,710	1
Career and Technical Education - Basic Grants to States (Perkins)	243520-241215	84.048A	23,070	16,705	6,365

The amounts reported on the Recipient Entitlement Balance Report (PAL Report) are in agreement with the Schedule.

Carman-Ainsworth Community Schools
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2024

Note 4 - Reconciliation to the Financial Statements

The federal revenues per the financial statements are in agreement with the Schedule except for the following:

Expenditures per the schedule of expenditures of federal awards	\$9,250,166
Prior period unavailable revenue not received within 60 days and recognized in the current fiscal year	1,206,119
Unavailable revenue not received within 60 days of year end	(2,552,111)
Deobligation of federal funding from prior year grants	(21,531)
Prior period expenses not reported on the Schedule of Expenditures of Federal Awards for the year ended June 30, 2023	<u>1,355,201</u>
Federal revenues per the financial statements	<u>\$9,237,844</u>

Note 5 - Subrecipients

No amounts were provided to subrecipients.

Carman-Ainsworth Community Schools
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2024

Note 6 - Adjustments

The School District recognized adjustments on the Schedule as follows:

Prior period expenses not reported on the Schedule of Expenditures
of Federal Awards for the year ended June 30, 2023

Title I - Part A - Grants to Local Education Agencies - 231530-2223	\$ 1,355,201
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Deobligation of funds

Title I - Part A - Grants to Local Education Agencies - 221530-2122	(9,218)
Title III - Part A - Immigrant Students - 220570-2122	(149)
Title II - Part A - Teacher/Principal Training & Recruitment - 220520-2122	(5,458)
Title IV - Part A - Student Support & Academic Enrichment - 220750-2122	<u>(6,706)</u>

Total adjustments	<u>\$ 1,333,670</u>
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Carman-Ainsworth Community Schools
Schedule of Findings and Questioned Costs
June 30, 2024

Section I – Summary of Auditors’ Results

Financial Statements

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

Internal control over financial reporting:

- | | | | | |
|---|---------------|-----|---------------|---------------|
| • Material weakness(es) identified? | <u> </u> | yes | <u> </u> | no |
| | X | | | |
| • Significant deficiency(ies) identified? | <u> </u> | yes | <u> </u> | none reported |
| | | | X | |
| Noncompliance material to financial statements noted? | <u> </u> | yes | <u> </u> | no |
| | | | X | |

Federal Awards

Internal control over major federal programs:

- | | | | | |
|---|---------------|-----|---------------|---------------|
| • Material weakness(es) identified? | <u> </u> | yes | <u> </u> | no |
| | | | X | |
| • Significant deficiency(ies) identified? | <u> </u> | yes | <u> </u> | none reported |
| | | | X | |
| Type of auditors’ report issued on compliance for major federal programs: | Unmodified | | | |

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

<u> </u>	yes	<u> </u>	no
		X	

Identification of major federal programs:

Assistance Listing Number(s)

10.553 / 10.555
84.010
93.600

Name of Federal Program or Cluster

Child Nutrition Cluster
Title I
Head Start Cluster

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

\$ 750,000

Auditee qualified as low-risk auditee?

<u> </u>	yes	<u> </u>	no
		X	

Carman-Ainsworth Community Schools
Schedule of Findings and Questioned Costs
June 30, 2024

Section II – Government Auditing Standards Findings

Finding 2024-001, 2023-001, & 2022-001 – Material Weakness – Material Audit Adjustments

Criteria:	General Accepted Accounting Principles (GAAP) include procedures related to the accounting, reconciliation, and recognition of assets, liabilities, revenues, and expenditures.
Condition:	During our audit, we identified areas that required audit adjustments in order to properly state the balances for the financial statements. The areas that were affected were beginning equity, federal revenues, deferred inflows of resources for unavailable revenues, related receivables, and accruals for payroll and expenses.
Cause and Effect:	Failure to properly review balances and reconcile accounts at year end. This led to various entries being needed during our audit of the financial statements.
Recommendation:	The School District should implement controls to ensure reconciliations and reviews are completed for all financial statements prior to year end.
Views of Responsible Officials:	Management agrees with the finding.
Corrective Action Plan:	See attached corrective action plan.

Section III – Federal Award Findings

There were no findings or questioned costs for Federal Awards for the year ended June 30, 2024.

Carman-Ainsworth Community Schools
Summary Schedule of Prior Audit Findings
June 30, 2024

Section IV – Prior Audit Findings

Government Auditing Standards Findings

Finding 2023-001 – Material Weakness – Material Audit Adjustments

Criteria: Generally Accepted Accounting Principles (GAPP) include procedures related to the accounting, reconciliation, and recognition of assets, liabilities, revenues, and expenditures.

Status: Uncorrected – Finding 2024-001

Finding 2023-002 – Significant Deficiency – Accounting Skills, Knowledge, and Expertise

Criteria: The business office should have staff with sufficient GAAP accounting knowledge and expertise to maintain the accounting records, perform timely reconciliations; and manage the grant budgeting, accounting, and reporting processes.

Status: Corrected

Finding 2023-003 – Material Weakness – Controls Over Payroll Disbursements

Criteria: Documentation supporting payroll computations should be properly footed, computed, reviewed, and approved by supervisors prior to input into the payroll system. These controls help ensure that all employees are paid based on charges provided and that fringe allocations based on the wages are properly computed and charged to the correct account.

Status: Corrected

Finding 2023-004 – Material Noncompliance – Audit Filing Compliance Requirements

Criteria: The School District was unable to meet the State filing requirements.

Status: Corrected

Carman-Ainsworth Community Schools

Summary Schedule of Prior Audit Findings

June 30, 2024

Federal Award Findings

Finding 2023-005 – Significant Deficiency – Early Head Start Allowable Costs

Criteria: Allowable cost principles require that any personnel costs charged to the grant for salaried personnel be supported by contracts and payrates that have been properly approved by management and the Board of Education.

Status: Corrected

CARMAN-AINSWORTH COMMUNITY SCHOOLS

G-3475 W. Court Street • Flint, Michigan 48532 • Phone: (810) 591-3700 • Fax: (810) 591-3323

Gina Ryan
Superintendent

October 28, 2024

Carman-Ainsworth Community Schools submits the following corrective action plan concerning finding 2024-001 on the schedule of findings and questioned costs:

2024-001, 2023-001, & 2022-001 – Material Weakness – Material Audit Adjustments

Plan – Audit adjustments were required in order to properly state the balances for the financial statements. Due to this finding, the School District business office will provide a reconciliation of areas above to balance accounts and major adjustments when needed before audit field work begins.

Timetable for Completion – Implementation for this will begin immediately upon issuance of the audit reports.

Responsible Officials – Assistant Superintendent

Sincerely,



Russ Parks
Assistant Superintendent

October 29, 2024

Management and the Board of Education
Carman-Ainsworth Community Schools
Flint, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Carman-Ainsworth Community Schools (the School District) as of and for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated May 9, 2024. Professional standards also require that we communicate to you the following information related to our audit.

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

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the School District are described in the footnotes of the financial statements. The District has adopted the following Governmental Accounting Standards Board Statements effective July 1, 2023:

- Statement No. 100, *Accounting Changes and Error Corrections*, improves the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. More understandable, reliable, relevant, consistent and comparable information will be provided to financial statement users for making decisions or assessing accountability. Additionally, the display and note disclosure requirements will result in more consistent, decision useful, understandable and comprehensive information for users about accounting changes and error corrections.

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

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

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

- Net other postemployment benefits (OPEB) liability (asset), and related deferred outflows of resources and deferred inflows of resources. The estimate is based on an actuarial report.

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

Disclosures in the financial statements are neutral, consistent and clear.

We have identified the following significant risks of material misstatement as part of our audit planning:

- Management override of controls
- Improper revenue recognition
- Prior period deficiencies and findings

Accounting Standards and Regulatory Updates

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial and communicate them to the appropriate level of management. Management has corrected all such misstatements.

The following material misstatements were detected as a result of our audit procedures and corrected by management:

Fund	Description	Amount
11	Revenues - Federal Sources	\$ 2,416
11	Revenues - Local Sources	(2,364)
11	Expenses - Miscellaneous & Payroll	(411,040)
11	Deferred Inflows of Resources - Unavailable Revenues	1,120,713
11	Assets - Due from Other Governments	(1,120,772)
11	Liabilities - Accrued Payroll	411,047
29	Equity - Beginning	200
29	Expenses - Supporting Services	(200)
63	Expenses - Supporting Services	4,000
63	Equity - Beginning	(4,000)
68	Revenues - Local Sources	(25)
68	Equity - Beginning	25
92	Deferred Inflows of Resources - Unavailable Revenues	(1,355,201)
92	Equity - Beginning	1,355,201

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

Disagreements with Management

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

Management Representations

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

Management's Consultations with Other Accountants

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

Other Audit Findings or Issues

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

Other Reports

Other information that is required to be reported to you is included in the: Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance For Each Major Federal Program; Independent Auditors' Report on Internal Control Over Compliance; Independent Auditors' Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance; and the Schedule of Findings and Questioned Costs. Please read all information included in those reports to ensure you are aware of relevant information.

Report on Required Supplementary Information

We applied certain limited procedures to management's discussion and analysis and the remaining required supplementary information (RSI) as described in the table of contents of the financial statements that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Report on Other Supplementary Information

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

compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

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

Yeo & Yeo, P.C.

Flint, Michigan