

Carman-Ainsworth Community Schools

Financial Statements

June 30, 2025



YEO & YEO

**BUSINESS SUCCESS
PARTNERS**

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Carman-Ainsworth Community Schools
Members of the Board of Education and Administration
June 30, 2025

Members of the Board of Education

Gloria Nealy – President

James Johnson – Vice President

Gary Cousins – Treasurer

La Cracha Handy – Secretary

Lisa Koegel – Trustee

Mary Margaret Gleason-Gidcumb – 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, 2025, 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, 2025, 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.

Adoption of New Accounting Standard

As discussed in Note 1 to the financial statements, during the year ended June 30, 2025, the Carman-Ainsworth Community Schools adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

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, 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 25, 2025, 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 25, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

Carman-Ainsworth Community Schools
Management Discussion and Analysis
June 30, 2025

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, 2025. 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, 2025

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, 2025

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, 2025

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, 2025, and 2024 in a condensed format.

	Governmental Activities	
	2025	2024
Current and other assets	\$ 59,928,728	\$ 35,993,667
Capital assets - net of depreciation	44,863,509	44,658,135
Net OPEB asset	10,055,962	1,342,135
Total Assets	<u>114,848,199</u>	<u>81,993,937</u>
Deferred amount related to net pension liability	16,129,396	21,929,141
Deferred amount relating to the net OPEB asset	2,459,077	4,447,377
Total Deferred Outflows of Resources	<u>18,588,473</u>	<u>26,376,518</u>
Current liabilities	12,461,862	10,890,916
Long-term liabilities	89,113,051	84,847,230
Total Liabilities	<u>101,574,913</u>	<u>95,738,146</u>
Deferred amount on net pension liability	21,161,240	16,147,136
Deferred amount on net OPEB asset	13,641,158	11,657,497
Total Deferred Inflows of Resources	<u>34,802,398</u>	<u>27,804,633</u>
Net investment in capital assets	36,625,476	34,900,650
Restricted	12,871,093	4,128,539
Unrestricted	<u>(52,437,208)</u>	<u>(54,201,513)</u>
Total Net Position	<u>\$ (2,940,639)</u>	<u>\$ (15,172,324)</u>

The District's net position is \$(2,940,639) at June 30, 2025. Net investment in capital assets totaling \$36,625,476 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 \$12,871,093 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 \$(52,437,208) was an unrestricted deficit.

Carman-Ainsworth Community Schools
Management Discussion and Analysis
June 30, 2025

The \$(52,437,208) 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 2025 and 2024.

		<u>2025</u>	<u>2024</u>
Revenues			
	Property taxes levied	\$ 12,866,295	\$ 11,767,475
	State aid - unrestricted	26,095,606	28,270,948
	Interest and earnings on investments	19,882	21,706
	Other general revenues	819,614	210,740
	Total general revenues	<u>39,801,397</u>	<u>40,270,869</u>
	Charges for services	955,599	788,171
	Operating grants and contributions	23,874,704	25,237,731
	Total revenues	<u>64,631,700</u>	<u>66,296,771</u>
Expenses			
	Instruction	27,566,535	32,575,103
	Supporting services	20,481,020	22,075,171
	Food services	2,257,317	2,768,339
	Community services	458,127	588,013
	Interest on long-term debt	662,287	282,227
	Total expenses	<u>51,425,286</u>	<u>58,288,853</u>
Change in net assets		<u>13,206,414</u>	<u>8,007,918</u>
Net position - beginning, as previously reported		(15,172,324)	(23,180,242)
Change in accounting principle (GASB 101)		(974,729)	-
Net position - beginning, as restated		<u>(16,147,053)</u>	<u>(23,180,242)</u>
Net assets - June 30		<u><u>\$ (2,940,639)</u></u>	<u><u>\$ (15,172,324)</u></u>

Carman-Ainsworth Community Schools
Management Discussion and Analysis
June 30, 2025

As reported in the statement of activities, the cost of all of our governmental activities this year was \$51,425,286. Certain activities were partially funded from those who benefited from the programs in the amount of \$955,599 or by other governments and organizations that subsidized certain programs with grant and categorical funding in the amount of \$23,874,704. The school paid for the remaining "public benefit" portion of the governmental activities with \$12,866,295 in taxes, \$26,095,606 in State Aid, and \$839,496 with other school revenues such as interest.

The District experienced a change in net position of \$13,206,414. The change in net position differs from the change in fund balance. A reconciliation between the two is shown on page 4-9. During the current fiscal year, the School District implemented GASB Statement No. 101 – *Compensated Absences*. This implementation led to a restatement of the June 30, 2024, net position. The restatement was for the amount of \$(974,729).

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 \$51,983,547, which is an increase of \$26,701,804 from last year, which is largely related to the issuance of the 2025 Building and Site Bond. In the General Fund, our principal operating fund, the fund balance was \$22,299,106, an increase of \$258,530 over the prior year. Overall, actual General Fund revenues and other financing sources came in approximately 3 percent under the final budget, and expenditures and other financing uses were approximately 10 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 2024-25 General Fund budget in February and June 2025. The final General Fund budget approved by the Board in June 2025 had an estimated fund equity net loss of \$4,514,605 for June 30, 2025. The actual June 30, 2025, fund equity had a net increase of \$258,530 with a total ending fund equity of \$22,299,106. The District operated on a minimal needs spending status most of the school year. 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.

Carman-Ainsworth Community Schools
Management Discussion and Analysis
June 30, 2025

Capital Assets

At June 30, 2025, the District had \$44,863,509 in capital assets (net of accumulated depreciation), representing an increase of \$205,374 from the prior year. The District's additions were \$2,192,991 for the year ended June 30, 2025. The District's depreciation expense was \$1,987,617.

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

Long-term Liabilities

At June 30, 2025, the District had \$36,171,090 in outstanding long-term liabilities versus \$11,414,355 in the previous year. The District issued a bond and premium in the current year for the amount of \$27,528,138 which increased long term liabilities. Payments made on debt were \$2,685,000.

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 2025-26 fiscal year, the District is projecting a moderate increase in the foundation allowance by approximately \$241 per student, following the State's budget approval in mid-2025. 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 2025 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 returned 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.

Voters passed a no mill increase \$65.2 million dollar bond proposal that was 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.

Carman-Ainsworth Community Schools
Management Discussion and Analysis
June 30, 2025

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, 2025

	<u>Governmental Activities</u>
Assets	
Cash	\$ 49,497,175
Accounts receivable	44,169
Due from other governmental units	10,308,812
Inventory	54,276
Prepaid items	24,296
Capital assets not being depreciated	1,906,298
Capital assets - net of accumulated depreciation	42,957,211
Net OPEB asset	<u>10,055,962</u>
 Total assets	 <u>114,848,199</u>
 Deferred Outflows of Resources	
Deferred amount relating to the net pension liability	16,129,396
Deferred amount relating to the net OPEB asset	<u>2,459,077</u>
	 <u>18,588,473</u>
 Total deferred outflows of resources	

See Accompanying Notes to the Financial Statements

Carman-Ainsworth Community Schools
Statement of Net Position
June 30, 2025

	Governmental Activities
Liabilities	
Accounts payable	451,292
Due to other governmental units	842,361
Payroll deductions and withholdings	953,323
Accrued expenditures	776,762
Accrued salaries payable	2,484,225
Unearned revenue	2,232,803
Long-term liabilities	
Net pension liability	57,663,057
Due within one year	4,721,096
Due in more than one year	31,449,994
Total liabilities	101,574,913
Deferred Inflows of Resources	
Deferred amount relating to the net pension liability	21,161,240
Deferred amount relating to the net OPEB asset	13,641,158
	34,802,398
Net Position	
Total deferred inflows of resources	36,625,476
Net investment in capital assets	36,625,476
Restricted for:	
Food service	338,903
Debt service	2,081,775
Capital projects	394,453
Net OPEB asset	10,055,962
Unrestricted	(52,437,208)
Total net position	\$ (2,940,639)

See Accompanying Notes to the Financial Statements

Carman-Ainsworth Community Schools
Statement of Activities
For the Year Ended June 30, 2025

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
Functions/Programs				
Governmental activities				
Instruction	\$ 27,566,535	\$ -	\$ 13,496,165	\$ (14,070,370)
Supporting services	20,481,020	445,782	7,638,890	(12,396,348)
Food services	2,257,317	33,823	2,473,192	249,698
Community services	458,127	475,994	266,457	284,324
Interest and fiscal charges on long-term debt	<u>662,287</u>			<u>(662,287)</u>
Total governmental activities	<u>\$ 51,425,286</u>	<u>\$ 955,599</u>	<u>\$ 23,874,704</u>	<u>(26,594,983)</u>
General revenues				
Property taxes, levied for general purposes				8,575,109
Property taxes, levied for debt service				3,825,873
Property taxes, levied for sinking fund				465,313
State aid - unrestricted				26,095,606
Interest and investment earnings				19,882
Gain on sale of capital assets				1,050
Other				814,321
Insurance recoveries				<u>4,243</u>
Total general revenues and insurance recoveries				<u>39,801,397</u>
Change in net position				<u>13,206,414</u>
Net position - beginning, as previously reported				(15,172,324)
Change in accounting principle (GASB 101)				<u>(974,729)</u>
Net position - beginning, as restated				<u>(16,147,053)</u>
Net position - ending				<u>\$ (2,940,639)</u>

See Accompanying Notes to the Financial Statements

Carman-Ainsworth Community Schools
Governmental Funds
Balance Sheet
June 30, 2025

	General Fund	2025 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash	\$ 19,624,058	\$ 26,249,661	\$ 3,623,456	\$ 49,497,175
Accounts receivable	44,169	-	-	44,169
Due from other funds	172,500	-	4,000	176,500
Due from other governmental units	10,232,890	-	75,922	10,308,812
Inventory	25,951	-	28,325	54,276
Prepaid items	24,296	-	-	24,296
	<u>30,123,864</u>	<u>26,249,661</u>	<u>3,731,703</u>	<u>60,105,228</u>
Total assets	<u>\$ 30,123,864</u>	<u>\$ 26,249,661</u>	<u>\$ 3,731,703</u>	<u>\$ 60,105,228</u>
Liabilities				
Accounts payable	\$ 352,703	\$ 37,594	\$ 60,995	\$ 451,292
Due to other funds	4,000	-	172,500	176,500
Due to other governmental units	816,527	-	25,834	842,361
Payroll deductions and withholdings	953,323	-	-	953,323
Accrued expenditures	491,059	-	-	491,059
Accrued salaries payable	2,484,225	-	-	2,484,225
Unearned revenue	2,232,803	-	-	2,232,803
	<u>7,334,640</u>	<u>37,594</u>	<u>259,329</u>	<u>7,631,563</u>
Total liabilities	<u>7,334,640</u>	<u>37,594</u>	<u>259,329</u>	<u>7,631,563</u>

See Accompanying Notes to the Financial Statements

Carman-Ainsworth Community Schools
Governmental Funds
Balance Sheet
June 30, 2025

	General Fund	2025 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Deferred Inflows of Resources				
Unavailable revenue	490,118	-	-	490,118
Fund Balances				
Non-spendable				
Inventory	25,951	-	28,325	54,276
Prepaid items	24,296	-	-	24,296
Restricted for				
Food service	-	-	310,578	310,578
Debt service	-	-	2,367,478	2,367,478
Capital projects	-	26,212,067	394,453	26,606,520
Committed for				
Student activities	-	-	290,467	290,467
Assigned for				
Community services	-	-	81,073	81,073
Fiscal year 25-26 budgeted excess expenditures over revenues	9,468,578	-	-	9,468,578
Unassigned	12,780,281	-	-	12,780,281
 Total fund balances	<u>22,299,106</u>	<u>26,212,067</u>	<u>3,472,374</u>	<u>51,983,547</u>
 Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 30,123,864</u>	<u>\$ 26,249,661</u>	<u>\$ 3,731,703</u>	<u>\$ 60,105,228</u>

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, 2025

Total fund balances for governmental funds	\$ 51,983,547
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	490,118
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	1,906,298
Capital assets - net of accumulated depreciation	42,957,211
Net OPEB asset is not recorded as an asset in the governmental funds.	10,055,962
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from the net pension liability	16,129,396
Deferred outflows of resources resulting from the net OPEB asset	2,459,077
Deferred inflows of resources resulting from the net pension liability	(21,161,240)
Deferred inflows of resources resulting from the net OPEB asset	(13,641,158)
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(285,703)
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	(57,663,057)
Compensated absences	(1,720,990)
Bonds payable	<u>(34,450,100)</u>
Net position of governmental activities	<u>\$ (2,940,639)</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, 2025

	General Fund	2025 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Local sources	\$ 9,660,155	\$ -	\$ 4,879,009	\$ 14,539,164
State sources	41,062,860	-	223,844	41,286,704
Federal sources	7,461,586	-	2,374,113	9,835,699
Interdistrict sources	<u>1,046,223</u>	<u>-</u>	<u>-</u>	<u>1,046,223</u>
 Total revenues	 <u>59,230,824</u>	 <u>-</u>	 <u>7,476,966</u>	 <u>66,707,790</u>
Expenditures				
Current				
Education				
Instruction	33,770,510	-	-	33,770,510
Supporting services	24,693,359	-	383,196	25,076,555
Food services	-	-	2,831,759	2,831,759
Community services	267,052	-	305,964	573,016
Facilities acquisition	-	1,078,724	551,136	1,629,860
Capital outlay	385,117	-	-	385,117
Debt service				
Principal	-	-	2,685,000	2,685,000
Interest and other expenditures	<u>-</u>	<u>237,347</u>	<u>346,010</u>	<u>583,357</u>
 Total expenditures	 <u>59,116,038</u>	 <u>1,316,071</u>	 <u>7,103,065</u>	 <u>67,535,174</u>
 Excess (deficiency) of revenues over expenditures	 <u>114,786</u>	 <u>(1,316,071)</u>	 <u>373,901</u>	 <u>(827,384)</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, 2025

	General Fund	2025 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses)				
Proceeds from issuance of bonds	-	25,865,000	-	25,865,000
Premium on issuance of bonds	-	1,663,138	-	1,663,138
Proceeds from sale of capital assets	1,050	-	-	1,050
Transfers in	142,694	-	-	142,694
Transfers out	-	-	(142,694)	(142,694)
	<u>143,744</u>	<u>27,528,138</u>	<u>(142,694)</u>	<u>27,529,188</u>
Total other financing sources (uses)				
Net change in fund balances	258,530	26,212,067	231,207	26,701,804
Fund balances - beginning	<u>22,040,576</u>	<u>-</u>	<u>3,241,167</u>	<u>25,281,743</u>
Fund balances - ending	<u>\$ 22,299,106</u>	<u>\$ 26,212,067</u>	<u>\$ 3,472,374</u>	<u>\$ 51,983,547</u>

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, 2025

Net change in fund balances - Total governmental funds	\$ 26,701,804
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	(2,077,140)
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	(1,987,617)
Capital outlay	2,192,991
Expenses are recorded when incurred in the statement of activities.	
Interest	(229,453)
Compensated absences	(64,120)
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	19,434,547
Net change in deferrals of resources related to the net pension liability	(10,813,849)
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	8,713,827
Net change in deferrals of resources related to the net OPEB asset	(3,971,961)
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.	
Debt issued	(27,528,138)
Repayments of long-term debt	2,685,000
Amortization of premiums	<u>150,523</u>
Change in net position of governmental activities	<u>\$ 13,206,414</u>

See Accompanying Notes to the Financial Statements

Carman-Ainsworth Community Schools
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2025

	<u>Custodial Funds</u>
Assets	
Cash	<u>\$ 51,187</u>
Net Position	
Assets held for scholarships	<u><u>\$ 51,187</u></u>

See Accompanying Notes to the Financial Statements

Carman-Ainsworth Community Schools
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2025

	<u>Custodial Funds</u>
Additions	
Local sources	\$ 2,375
Deductions	
Scholarships	<u>4,139</u>
Change in net position	(1,764)
Net position - beginning	<u>52,951</u>
Net position - ending	<u>\$ 51,187</u>

See Accompanying Notes to the Financial Statements

Carman-Ainsworth Community Schools

Notes to the Financial Statements

June 30, 2025

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, 2025

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.

2025 Capital Projects Fund - The 2025 Capital Projects Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically for acquiring new school sites, buildings, equipment, and for remodeling and repairs. The fund is kept open until the purpose for which the fund was created has been accomplished.

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 Fund Balance

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, 2025, the rates are as follows per \$1,000 of assessed value.

General Fund	
Non-principal residence exemption	18.0000
Commercial personal property	6.0000
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.

Carman-Ainsworth Community Schools
Notes to the Financial Statements
June 30, 2025

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.

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 leave days for teachers, administrators, secretaries, custodians and bus drivers are allowed to accumulate and be used during their period of employment or paid upon retirement. 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.

Carman-Ainsworth Community Schools

Notes to the Financial Statements

June 30, 2025

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 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.

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 MPERS 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.

Carman-Ainsworth Community Schools
Notes to the Financial Statements
June 30, 2025

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.

Adoption of New Accounting Standards

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.

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.

Upcoming Accounting and Reporting Changes

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.

Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. 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.

Carman-Ainsworth Community Schools
Notes to the Financial Statements
June 30, 2025

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

During the year, the School District incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
Instructional staff	\$ 3,489,664	\$ 3,877,843	\$ 388,179
Operations and maintenance	5,611,057	6,118,874	507,817

Compliance - Bond Proceeds

The 2025 Capital Projects Fund includes capital project activities funded with bonds. For this capital project, the school district has complied with the applicable provisions of Section 1351a of the Revised School Code. The fund is not yet considered substantially complete, and a subsequent year audit is expected.

The following table is a summary of the revenue and expenditures in the 2025 Capital Projects Fund from the inception of the funds through the current fiscal year:

	<u>2025 Capital Projects Fund</u>
Revenues	\$ 27,528,138
Expenditures	1,316,071

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.

Note 3 - Deposits and Investments

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

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total Primary Government</u>
Cash	<u>\$ 49,497,175</u>	<u>\$ 51,187</u>	<u>\$ 49,548,362</u>

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

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 49,113,724
Investments in securities, mutual funds, and similar vehicles	428,928
Petty cash and cash on hand	<u>5,710</u>
Total	<u>\$ 49,548,362</u>

Carman-Ainsworth Community Schools
Notes to the Financial Statements
June 30, 2025

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

Investment	Carrying Value	Maturities	Rating	Rating Organization
External investment pools:				
Michigan Liquid Asset Fund (MILAF):				
MILAF + Portfolio				
Cash Management Class	\$ 3	< 60 days	AAAm	S&P
Michigan Class	<u>428,925</u>	< 60 days	AAAm	S&P
	<u>\$ 428,928</u>			

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

As of June 30, 2025, the net asset value of the School District's investment in MILAF + Portfolio and Michigan Class was \$428,928. 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 Trustee's 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.

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, \$52,690,916 of the School District's bank balance of \$52,940,916 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.

Carman-Ainsworth Community Schools
Notes to the Financial Statements
June 30, 2025

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	<u>139,856</u>	<u>371,098</u>	<u>139,856</u>	
Total capital assets not being depreciated	<u>1,675,056</u>	<u>371,098</u>	<u>139,856</u>	<u>1,906,298</u>
Capital assets being depreciated				
Buildings and additions	80,884,253	699,724	371,098	81,583,977
Equipment and furniture	9,259,230	591,993	-	9,851,223
Buses and other vehicles	<u>2,916,613</u>	<u>670,032</u>		<u>3,586,645</u>
Total capital assets being depreciated	<u>93,060,096</u>	<u>1,961,749</u>		<u>95,021,845</u>
Less accumulated depreciation for				
Buildings and additions	39,694,510	1,553,087	-	41,247,597
Equipment and furniture	8,301,694	245,846	-	8,547,540
Buses and other vehicles	<u>2,080,813</u>	<u>-188,684</u>		<u>2,269,497</u>
Total accumulated depreciation	<u>50,077,017</u>	<u>1,987,617</u>		<u>52,064,634</u>
Net capital assets being depreciated	<u>42,983,079</u>	<u>(25,868)</u>		<u>42,957,211</u>
Net capital assets	<u>\$ 44,658,135</u>	<u>\$ 345,230</u>	<u>\$ 139,856</u>	<u>\$ 44,863,509</u>

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

Governmental activities	
Instruction	\$ 1,073,313
Supporting services	795,047
Food services	99,381
Community services	<u>19,876</u>
Total governmental activities	<u>\$ 1,987,617</u>

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 \$128,000.

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	\$ 172,500
General Fund	Nonmajor Governmental Funds	<u>4,000</u>
		<u>\$ 176,500</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:

	<u>Transfer Out</u>
	Nonmajor
	Governmental
	<u>Funds</u>
<u>Transfer in</u>	
General Fund	<u>\$ 142,694</u>

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

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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>\$ 2,232,803</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.

Long-term obligation activity is summarized as follows:

	Beginning Balance, as Restated	Additions	Reductions	Ending Balance	Amount Due Within One Year
Bonds and notes payable					
General obligation bonds	\$ 9,490,000	\$25,865,000	\$ 2,685,000	\$32,670,000	\$ 3,345,000
Premium on bonds	<u>267,485</u>	<u>1,663,138</u>	<u>150,523</u>	<u>1,780,100</u>	
Total bonds payable	9,757,485	27,528,138	2,835,523	34,450,100	3,345,000
Other liabilities					
Compensated absences	<u>1,656,870</u>	<u>64,120</u>		<u>1,720,990</u>	<u>561,063</u>
Total	<u>\$11,414,355</u>	<u>\$27,592,258</u>	<u>\$ 2,835,523</u>	<u>\$36,171,090</u>	<u>\$ 3,906,063</u>

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
\$25,865,000 building & site bond due in annual installments of \$650,000 to \$1,380,000 through May 2052, interest at 4.00% to 5.00%.	<u>25,865,000</u>
Total general obligation bonded debt	<u>\$ 32,670,000</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>
2026	\$ 3,345,000	\$ 1,611,805
2027	3,460,000	1,337,500
2028	1,000,000	1,233,700
2029	650,000	1,193,700
2030	650,000	1,167,700
2031-2035	3,655,000	5,427,700
2036-2040	4,535,000	4,546,500
2041-2045	5,780,000	3,293,750
2046-2050	6,835,000	1,720,750
2051-2052	<u>2,760,000</u>	<u>207,000</u>
Total	<u>\$ 32,670,000</u>	<u>\$ 21,740,105</u>

The general obligation bonds are payable from the Debt Service Funds. As of year end, the fund had a balance of \$2,367,478 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 \$345,000.

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Compensated Absences

The compensated absences liability of \$1,720,990 at year end, has been calculated based on anticipated amounts of leave time that are more likely than not to be used or paid out. Compensated absences additions and deductions are reported net.

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 \$87,560.

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 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

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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, 2023, valuation will be amortized over a 15-year period beginning October 1, 2023, and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for plan year ended September 30, 2024.

Pension Contribution Rates		
Benefit Structure	Member	Employer
Basic	0.0 - 4.0%	23.03%
Member Investment Plan	3.0 - 7.0%	23.03%
Pension Plus	3.0 - 6.4%	19.17%
Pension Plus 2	6.2%	20.10%
Defined Contribution	0.0%	13.90%

Required contributions to the pension plan from the School District were \$9,847,259 for the year ending September 30, 2024.

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

At June 30, 2025, the School District reported a liability of \$57,663,057 for its proportionate share of the MPERS net pension liability. The net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2023. 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, 2024, the School District's proportion was .2355 percent, which was a decrease of .0027 percent from its proportion measured as of September 30, 2023.

For the plan year ending September 30, 2024, the School District recognized pension expense of \$2,804,792 for the measurement period. For the reporting period ending June 30, 2025, the School District recognized total pension contribution expense of \$9,330,616.

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At June 30, 2025, 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	\$ 1,564,439	\$ (626,517)	\$ 937,922
Changes of assumptions	6,011,715	(4,224,878)	1,786,837
Net difference between projected and actual earnings on pension plan investments	-	(11,004,556)	(11,004,556)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	<u>-</u>	<u>(2,789,341)</u>	<u>(2,789,341)</u>
Total to be recognized in future	7,576,154	(18,645,292)	(11,069,138)
School District contributions subsequent to the measurement date	<u>8,553,242</u>	<u>(2,515,948)</u>	<u>6,037,294</u>
Total	<u>\$ 16,129,396</u>	<u>\$ (21,161,240)</u>	<u>\$ (5,031,844)</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, 2026. The District will offset the contribution expense in the year ended June 30, 2026, 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)	
2025	\$ (3,116,635)
2026	(499,731)
2027	(4,502,014)
2028	<u>(2,950,758)</u>
	<u>\$ (11,069,138)</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, 2023
- 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
- Projected Salary Increases: 2.75 - 11.55%, including wage inflation at 2.75%

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- Cost-of-Living Pension Adjustments: 3% Annual Non-Compounded for MIP Members
- Mortality:
 - Retirees: PubT-2010 Male and Female Retiree 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 Mortality 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, 2024, is based on the results of an actuarial valuation date of September 30, 2023, 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 4.4612 years.

Recognition period for assets in years is 5.0000.

Full actuarial assumptions are available in the 2024 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, 2024, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.3%
Private Equity Pools	16.0	9.0%
International Equity	15.0	6.5%
Fixed Income Pools	13.0	2.2%
Real Estate and Infrastructure Pools	10.0	7.1%
Absolute Return Pools	9.0	5.2%
Real Return/Opportunistic Pools	10.0	6.9%
Short Term Investment Pools	2.0	1.4%
	100.0%	

**Long-term rates of return are net of administrative expenses and 2.3% inflation.*

Rate of Return

For the plan year ended September 30, 2024, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 15.47%. 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 will be made at the current contribution rate and that employer

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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%
\$ 84,534,661	\$	\$

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, 2023, valuation will be amortized over a 15-year period beginning October 1, 2023, and ending September 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for plan year 2024.

OPEB Contribution Rates		
Benefit Structure	Member	Employer
Premium Subsidy	3.0%	8.31%
Personal Healthcare Fund (PHF)	0.0%	7.06%

Required contributions to the OPEB plan from the School District were \$1,941,869 for the year ended September 30, 2024.

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

At June 30, 2025, the School District reported an asset of \$10,055,962 for its proportionate share of the MPERS net OPEB asset. The net OPEB asset was measured as of September 30, 2024, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 2023. 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

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applicable employers during the measurement period. At September 30, 2024, the School District's proportion was .2336 percent, which was a decrease of .0036 percent from its proportion measured as of September 30, 2023.

For the plan year ending September 30, 2024, the School District recognized OPEB expense of \$(4,042,028) for the measurement period. For the reporting period ending June 30, 2025, the School District recognized total OPEB contribution expense of \$496,465.

At June 30, 2025, 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	\$ -	\$(10,656,249)	\$(10,656,249)
Changes of assumptions	2,196,367	(252,454)	1,943,913
Net difference between projected and actual earnings on OPEB plan investments	-	(1,903,709)	(1,903,709)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	<u>59,055</u>	<u>(828,746)</u>	<u>(769,691)</u>
Total to be recognized in future	2,255,422	(13,641,158)	(11,385,736)
School District contributions subsequent to the measurement date	<u>203,655</u>	<u> </u>	<u>203,655</u>
Total	<u>\$ 2,459,077</u>	<u>\$(13,641,158)</u>	<u>\$(11,182,081)</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, 2026.

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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)

2025	\$ (3,805,081)
2026	(2,265,179)
2027	(2,167,330)
2028	(1,916,431)
2029	(1,039,039)
Thereafter	(192,676)
	\$(11,385,736)

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, 2023
- 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: 7.25% Year 1 graded to 3.5% Year 15; Post-65: 6.50% Year 1 graded to 3.5% Year 15

- Mortality:
 - Retirees: PubT-2010 Male and Female Retiree 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 Mortality 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, 2024, is based on the results of an actuarial valuation date of September 30, 2023, 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 6.2834.

Recognition period for assets in years is 5.0000.

Full actuarial assumptions are available in the 2024 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, 2024, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.3%
Private Equity Pools	16.0	9.0%
International Equity	15.0	6.5%
Fixed Income Pools	13.0	2.0%
Real Estate and Infrastructure Pools	10.0	7.1%
Absolute Return Pools	9.0	5.2%
Real Return/Opportunistic Pools	10.0	6.9%
Short Term Investment Pools	2.0	1.4%
	<u>100.0%</u>	

*Long-term rates of return are net of administrative expenses and 2.3% inflation.

Rate of Return

For the plan year ended September 30, 2024, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 15.45%. 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%
\$ (7,771,330)	\$ (10,055,962)	\$ (12,031,267)

Carman-Ainsworth Community Schools
Notes to the Financial Statements
June 30, 2025

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
\$ (12,031,289)	\$ (10,055,962)	\$ (7,937,434)

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2024 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, 2025.

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 - Change in Accounting Principle

During the year ended June 30, 2025, the School District restated net position as a result of adopting GASB Statement No. 101, *Compensated Absences*. The following change was necessary to be made in the financial statements:

	Governmental Activities
Net position - June 30, 2024, as previously presented	\$(15,172,324)
Adjustments:	
Change in accounting principle (GASB 101)	(974,729)
Net position - July 1, 2024, as restated	\$(16,147,053)

REQUIRED SUPPLEMENTARY INFORMATION

Carman-Ainsworth Community Schools
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Revenues				
Local sources	\$ 9,012,059	\$ 9,141,302	\$ 9,660,155	\$ 518,853
State sources	41,213,998	41,222,771	41,062,860	(159,911)
Federal sources	10,370,853	10,057,145	7,461,586	(2,595,559)
Interdistrict sources	<u>523,930</u>	<u>523,930</u>	<u>1,046,223</u>	<u>522,293</u>
Total revenues	<u>61,120,840</u>	<u>60,945,148</u>	<u>59,230,824</u>	<u>(1,714,324)</u>
Expenditures				
Instruction				
Basic programs	30,879,414	28,787,057	25,803,386	(2,983,671)
Added needs	9,338,793	8,632,461	7,967,124	(665,337)
Supporting services				
Pupil	6,795,476	6,372,086	5,704,619	(667,467)
Instructional staff	3,976,374	3,489,664	3,877,843	388,179
General administration	1,030,070	1,048,657	850,009	(198,648)
School administration	3,747,478	3,922,046	3,318,600	(603,446)
Business	1,005,772	995,007	684,721	(310,286)
Operations and maintenance	5,734,500	5,611,057	6,118,874	507,817
Pupil transportation services	2,591,025	2,667,682	2,135,251	(532,431)
Central	1,927,822	2,112,085	1,345,271	(766,814)
Athletic activities	882,391	928,648	658,171	(270,477)
Community services	457,825	375,852	267,052	(108,800)
Capital outlay	<u>846,463</u>	<u>600,605</u>	<u>385,117</u>	<u>(215,488)</u>
Total expenditures	<u>69,213,404</u>	<u>65,542,907</u>	<u>59,116,038</u>	<u>(6,426,869)</u>
Excess (deficiency) of revenues over expenditures	<u>(8,092,564)</u>	<u>(4,597,759)</u>	<u>114,786</u>	<u>4,712,545</u>

Carman-Ainsworth Community Schools
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	1,000	1,000	1,050	50
Transfers in	120,000	120,000	142,694	22,694
Transfers out	(95,591)	(37,846)	-	(37,846)
Total other financing sources (uses)	<u>25,409</u>	<u>83,154</u>	<u>143,744</u>	<u>60,590</u>
Net change in fund balances	(8,067,155)	(4,514,605)	258,530	4,773,135
Fund balance - beginning	<u>22,040,576</u>	<u>22,040,576</u>	<u>22,040,576</u>	<u>-</u>
Fund balance - ending	<u>\$ 13,973,421</u>	<u>\$ 17,525,971</u>	<u>\$ 22,299,106</u>	<u>\$ 4,773,135</u>

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,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
A. School District's proportion of the net pension liability (%)	0.2355%	0.2382%	0.2444%	0.2488%	0.2577%	0.2662%	0.2709%	0.2769%	0.2936%	0.2956%
B. School District's proportionate share of the net pension liability	\$ 57,663,057	\$ 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
C. School District's covered payroll	\$ 24,184,922	\$ 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
D. School District's proportionate share of the net pension liability as a percentage of its covered payroll	238.43%	329.86%	400.26%	268.78%	399.87%	384.13%	357.89%	319.67%	297.73%	290.12%
E. Plan fiduciary net position as a percentage of total pension liability	74.44%	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%

Note Disclosures

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2024.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2024.

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,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
A. Statutorily required contributions	\$ 9,330,616	\$ 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
B. Contributions in relation to statutorily required contributions	<u>9,330,616</u>	<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>
C. Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
D. School District's covered payroll	\$ 24,628,681	\$ 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
E. Contributions as a percentage of covered payroll	37.89%	39.91%	44.01%	36.15%	32.85%	31.51%	30.81%	30.18%	28.51%	27.59%

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,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
A. School District's proportion of the net OPEB liability (asset) (%)	0.2336%	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)	\$(10,055,962)	\$ (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	\$ 24,184,922	\$ 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	-41.58%	-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	143.08%	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 2024.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2024.

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,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
A. Statutorily required contributions	\$ 496,465	\$ 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>496,465</u>	<u>1,680,388</u>	<u>1,835,994</u>	<u>1,852,150</u>	<u>1,776,944</u>	<u>1,810,644</u>	<u>1,806,848</u>	<u>1,761,808</u>		
C. Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
D. School District's covered payroll	\$ 24,628,681	\$ 24,136,311	\$ 19,511,900	\$ 23,008,249	\$ 21,560,048	\$ 22,437,380	\$ 22,894,698	\$ 22,703,978		
E. Contributions as a percentage of covered payroll	2.02%	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, 2025

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Community Service Fund	Food Service Fund	Student Activities Fund	Debt Service Funds	Sinking Fund	
Assets						
Cash	\$ 81,160	\$ 317,398	\$ 290,467	\$ 2,539,978	\$ 394,453	\$ 3,623,456
Due from other funds	-	4,000	-	-	-	4,000
Due from other governmental units	-	75,922	-	-	-	75,922
Inventory	-	28,325	-	-	-	\$ 28,325
	<u>\$ 81,160</u>	<u>\$ 425,645</u>	<u>\$ 290,467</u>	<u>\$ 2,539,978</u>	<u>\$ 394,453</u>	<u>\$ 3,731,703</u>
Liabilities						
Accounts payable	\$ 87	\$ 60,908	\$ -	\$ -	\$ -	60,995
Due to other funds	-	-	-	172,500	-	172,500
Due to other governmental units	-	25,834	-	-	-	25,834
	<u>87</u>	<u>86,742</u>	<u>-</u>	<u>172,500</u>	<u>-</u>	<u>259,329</u>
Fund Balances						
Non-spendable						
Inventory	-	28,325	-	-	-	28,325
Restricted for						
Food service	-	310,578	-	-	-	310,578
Debt service	-	-	-	2,367,478	-	2,367,478
Capital projects	-	-	-	-	394,453	394,453
Committed for						
Student activities	-	-	290,467	-	-	290,467
Assigned for						
Community services	81,073	-	-	-	-	81,073
	<u>81,073</u>	<u>338,903</u>	<u>290,467</u>	<u>2,367,478</u>	<u>394,453</u>	<u>3,472,374</u>
Total fund balances	<u>81,073</u>	<u>338,903</u>	<u>290,467</u>	<u>2,367,478</u>	<u>394,453</u>	<u>3,472,374</u>
Total liabilities and fund balances	<u>\$ 81,160</u>	<u>\$ 425,645</u>	<u>\$ 290,467</u>	<u>\$ 2,539,978</u>	<u>\$ 394,453</u>	<u>3,731,703</u>

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, 2025

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Community Service Fund	Food Service Fund	Student Activities Fund	Debt Service Funds	Sinking Fund	
Revenues						
Local sources	\$ 293,019	\$ 33,823	\$ 369,168	\$ 3,714,272	\$ 468,727	\$ 4,879,009
State sources	-	99,079	-	111,601	13,164	223,844
Federal sources	-	2,374,113	-	-	-	2,374,113
	<u>293,019</u>	<u>2,507,015</u>	<u>369,168</u>	<u>-</u>	<u>481,891</u>	<u>7,476,966</u>
Expenditures						
Current						
Education						
Supporting services	-	-	383,196	-	-	383,196
Food services	-	2,831,759	-	-	-	2,831,759
Community services	305,964	-	-	-	-	305,964
Facilities acquisition	-	-	-	-	551,136	551,136
Debt service						
Principal	-	-	-	2,685,000	-	2,685,000
Interest and other expenditures	-	-	-	346,010	-	346,010
	<u>305,964</u>	<u>2,831,759</u>	<u>383,196</u>	<u>3,031,010</u>	<u>551,136</u>	<u>7,103,065</u>
Excess (deficiency) of revenues over expenditures	(12,945)	(324,744)	(14,028)	794,863	(69,245)	373,901
Other Financing Uses						
Transfers out	-	(142,694)	-	-	-	(142,694)
Net change in fund balances	(12,945)	(467,438)	(14,028)	794,863	(69,245)	231,207
Fund balances - beginning	<u>94,018</u>	<u>806,341</u>	<u>304,495</u>	<u>1,572,615</u>	<u>463,698</u>	<u>3,241,167</u>
Fund balances - ending	<u>\$ 81,073</u>	<u>\$ 338,903</u>	<u>\$ 290,467</u>	<u>\$ 2,367,478</u>	<u>\$ 394,453</u>	<u>\$ 3,472,374</u>

Carman-Ainsworth Community Schools
Other Supplementary Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2025

Year Ending June 30,	2016 Refunding Bond	2025 Building & Site, Series I	Total
2026	\$ 3,345,000	\$ -	\$ 3,345,000
2027	3,460,000	-	3,460,000
2028	-	1,000,000	1,000,000
2029	-	650,000	650,000
2030	-	650,000	650,000
2031	-	675,000	675,000
2032	-	700,000	700,000
2033	-	730,000	730,000
2034	-	760,000	760,000
2035	-	790,000	790,000
2036	-	820,000	820,000
2037	-	860,000	860,000
2038	-	905,000	905,000
2039	-	950,000	950,000
2040	-	1,000,000	1,000,000
2041	-	1,045,000	1,045,000
2042	-	1,100,000	1,100,000
2043	-	1,155,000	1,155,000
2044	-	1,210,000	1,210,000
2045	-	1,270,000	1,270,000
2046	-	1,335,000	1,335,000
2047	-	1,360,000	1,360,000

Carman-Ainsworth Community Schools
Other Supplementary Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2025

Year Ending June 30,	2016 Refunding Bond	2025 Building & Site, Series I	Total
2048	-	1,380,000	1,380,000
2049	-	1,380,000	1,380,000
2050	-	1,380,000	1,380,000
2051	-	1,380,000	1,380,000
2052	-	1,380,000	1,380,000
Total	<u>\$ 6,805,000</u>	<u>\$ 25,865,000</u>	<u>\$ 32,670,000</u>
Principal payments due the first day of	May	May	
Interest payments due the first day of	May and November	May and November	
Interest rate	3.00% - 4.00%	4.00% - 5.00%	
Original issue	<u>\$ 6,805,000</u>	<u>\$ 25,865,000</u>	