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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Camden-Frontier School
Camden, Michigan

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of Matter-Change in Accounting Principle

As discussed in Note 19 to the financial statements, Camden-Frontier School implemented Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

The nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the nonmajor fund financial statements are fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2021, on our consideration of Camden-Frontier School's 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 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 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 Camden-Frontier School's internal control over financial reporting and compliance.

Bailey, Hodshire & Company, P.C.

Jonesville, Michigan
October 27, 2021

Our discussion and analysis of Camden-Frontier School's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2021. The management's discussion and analysis is provided at the beginning of the audit to provide, in layman's terms, the past and current position of the school district's financial condition. This summary should not be taken as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the School District's revenues and expenditures by program for the General Fund, Food Service Fund, Sinking Fund, and Student/School Activities Fund.

Using This Annual Report

The School District's annual report consists of a series of financial statements that show information for the School District as a whole, its funds, and its fiduciary responsibilities. The Statement of Net Position and the Statement of Activities (pages 8 and 9) provide information about the activities of the School District as a whole and present a longer-term view of the School District's finances. Our fund financial statements start on page 10. Our governmental activities statements tell how we financed our services in the short term, as well as what remains for future spending. Fund financial statements report the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds.

Reporting the School District as a Whole

One of the most important questions asked about the School District is "Is the School District as a whole better off or worse off financially as a result of the year's activities?" The Statement of Net Position and the Statement of Activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepared 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. This basis of accounting takes into account all of the current year's revenue and expenses regardless of when cash is received or paid.

These two statements report the School District's *net position* - - the difference between assets and liabilities, as reported in the Statement of Net Position - - as one way to measure the School District's financial health, or *financial position*. Over time, *increases or decreases* in the School District's net position - - as reported in the Statement of Activities - - are one indicator of whether its *financial health* is improving or deteriorating. The relationship between revenues and expenses indicates the School District's *operating results*. However, the School District's goal is to provide services to 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 school to assess the *overall health* of the School District.

Reporting the School District's Most Significant Funds

The School District's fund financial statements, which begin on page 10, provide detailed information about the School District's most significant funds - - not the School District as a whole. Some funds are required to be established by State law and by bond covenants. However, the School District establishes other funds to help it control and manage money for particular purposes (like the Food Service Fund) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like the Sinking Fund). Governmental fund reporting focuses on showing how money flows into and out of the funds and the balances left at year-end that are available for spending in future periods. They are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the School District's operations and the services it provides.

Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations on pages 11 and 14.

The School District as a Whole

The School District's net position was \$(1,794,836) at June 30, 2021, an increase of \$1,171,100 from the-prior year. Of this amount, there is an unrestricted deficit balance of \$(8,347,547). Restricted net position is reported separately to show legal constraints that limit the School District's ability to use those assets for day-to-day operations. Our analysis below focuses on the net position (Table 1) and change in net position (Table 2) of the School District's governmental activities.

TABLE 1 - NET POSITION

ASSETS	2020	2021
Current Assets	\$ 4,470,043	\$ 4,342,212
Capital Assets	4,118,252	4,609,694
Total Assets	<u>\$ 8,588,295</u>	<u>\$ 8,951,906</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension	\$ 2,843,498	\$ 2,009,072
Other Postemployment Benefits (OPEB)	767,047	761,008
Total Deferred Outflows of Resources	<u>\$ 3,610,545</u>	<u>\$ 2,770,080</u>
LIABILITIES		
Current Liabilities	\$ 1,804,554	\$ 1,461,671
Long-term Liabilities:		
Due Within One Year	4,052	0
Due in More Than One Year -		
Net Pension Liability	9,903,878	9,240,735
Net OPEB Liability	2,114,112	1,324,584
Other Amounts	75,392	63,567
Total Liabilities	<u>\$ 13,901,988</u>	<u>\$ 12,090,557</u>
DEFERRED INFLOWS OF RESOURCES		
Pension	\$ 418,955	\$ 72,260
OPEB	843,833	1,354,005
Total Deferred Inflows of Resources	<u>\$ 1,262,788</u>	<u>\$ 1,426,265</u>
NET POSITION		
Net Investment in Capital Assets	\$ 4,114,200	\$ 4,609,694
Restricted	1,864,053	1,943,017
Unrestricted	(8,944,159)	(8,347,547)
Total Net Position (6-30-2020 restated, see Note 19)	<u><u>\$ (2,965,936)</u></u>	<u><u>\$ (1,794,836)</u></u>

The \$(1,794,836) deficit in net position represents the accumulated results of all past years' operations. This deficit results from liabilities and deferred inflows of resources in excess of assets and deferred outflows of resources as of June 30, 2021.

TABLE 2 - CHANGES IN NET POSITION

	2020	2021
Program Revenue		
Charges for Services	\$ 73,702	\$ 13,380
Operating Grants and Contributions	573,475	1,607,114
Capital Grants and Contributions	0	0
General Revenue		
Property Taxes	1,193,856	1,245,710
State Aid	4,095,489	4,089,560
Other	68,063	662
Total Revenue	<u>\$ 6,004,585</u>	<u>\$ 6,956,426</u>
Expenses		
Instruction	\$ 3,923,211	\$ 3,203,787
Support Services	1,945,603	1,925,739
Community Services	55	796
Food Service	388,341	321,777
Student/School Activities	0	162,345
Depreciation - Unallocated	187,184	170,875
Interest on Long-Term Obligations	253	7
Total Expenses	<u>\$ 6,444,647</u>	<u>\$ 5,785,326</u>
INCREASE (DECREASE) IN NET POSITION	<u>\$ (440,062)</u>	<u>\$ 1,171,100</u>

As shown above, the cost of all of our governmental activities this year was \$5,785,326. However, the amount that our taxpayers ultimately financed for these activities through School property taxes was only \$1,245,710 because the remainder of the cost was paid by charges for services, grants, and State Aid revenue.

Major Governmental Funds Budgeting and Operating Highlights

The School District's budgets are prepared according to Michigan law. The most significant budgeted fund is the General Fund. During the fiscal year ended June 30, 2021, the School District amended the General Fund budget two times.

General Fund

For the General Fund, actual revenue was \$5,869,591, which is above the original budget estimate of \$4,902,332, and above the final amended budget of \$5,837,185.

The actual expenditures of the General Fund were \$5,577,367, which is above the original budget estimate of \$5,214,745, and below the final amended budget of \$5,862,300.

The General Fund ended the year with a fund balance of \$937,524.

Capital Asset and Debt Administration

At the end of fiscal year 2021, the School District had \$8,172,544 invested in land and buildings, furniture and equipment, vehicles, and buses. We have estimated that these assets have depreciated by \$3,562,850 through June 30, 2021; therefore, we currently have net book value of \$4,609,694. Total additions for the year totaled \$715,732. Deletions for the year totaled \$49,838. Capital assets at year-end were as follows:

	<u>2020</u>	<u>2021</u>
Land	\$ 160,000	\$ 160,000
Buildings and Improvements	6,270,980	6,895,466
Furniture and Equipment	916,110	957,518
Vehicles	159,560	159,560
Less: Accumulated Depreciation	<u>(3,388,398)</u>	<u>(3,562,850)</u>
Total Capital Assets, net of depreciation	<u>\$ 4,118,252</u>	<u>\$ 4,609,694</u>

At June 30, 2021, the School District had \$10,628,886 in total debt outstanding, as shown below:

	<u>2020</u>	<u>2021</u>
General Obligation Bonds	\$ 0	\$ 0
Installment Purchase Agreements:		
Chromebooks	3,350	0
Security Cameras	702	0
Net Pension Liability	9,903,878	9,240,735
Net OPEB Liability	2,114,112	1,324,584
Compensated Absences	<u>75,392</u>	<u>63,567</u>
Total Long-Term Debt	<u>\$ 12,097,434</u>	<u>\$ 10,628,886</u>

Factors Bearing on the District's Future

Enrollment, State Aid, and Covid Grant Funding will continue to be critical for the future of the District. The District will continue to monitor and amend the budget as needed to help maintain a positive fund balance in all funds.

Contacting the School District's Financial Management

This report is designed to give an overview of the financial conditions of the Camden-Frontier School. If you have any questions about this report or need further information, please contact the Superintendent at 4971 Montgomery Road, Camden, MI 49232, telephone (517) 368-5991.

CAMDEN-FRONTIER SCHOOL
STATEMENT OF NET POSITION
JUNE 30, 2021

ASSETS	
Cash	\$ 2,875,947
Accounts Receivable	17,609
Due from Other Governmental Units	1,396,604
Prepaid Expense	51,442
Inventory	610
Capital Assets, Net of Accumulated Depreciation	4,609,694
Total Assets	<u>\$ 8,951,906</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Pension	\$ 2,009,072
OPEB	761,008
Total Deferred Outflows of Resources	<u>\$ 2,770,080</u>
 LIABILITIES	
Accounts Payable	\$ 56,659
Salaries & Benefits Payable	343,687
Due to Other Governmental Units	6,779
Interest Payable	4,798
Notes Payable	945,000
Unearned Revenue	104,748
Long-Term Liabilities:	
Due Within One Year	0
Due in More than One Year:	
Net Pension Liability	9,240,735
Net OPEB Liability	1,324,584
Other amounts Due in More than One Year	63,567
Total Liabilities	<u>\$ 12,090,557</u>
 DEFERRED INFLOWS OF RESOURCES	
Pension	\$ 72,260
OPEB	1,354,005
Total Deferred Inflows of Resources	<u>\$ 1,426,265</u>
 NET POSITION	
Net Investment in Capital Assets	\$ 4,609,694
Restricted for:	
Food Service	171,036
Capital Projects	1,637,938
Student/School Activities	134,043
Unrestricted	(8,347,547)
Total Net Position	<u><u>\$ (1,794,836)</u></u>

See accompanying notes to the basic financial statements.

CAMDEN-FRONTIER SCHOOL
STATEMENT OF ACTIVITIES
JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	
Instruction					
Basic Programs					
Elementary School	\$ 1,691,755	\$ 0	\$ 370,801	\$ 0	\$ (1,320,954)
Middle School	17,412	0	0	0	(17,412)
High School	702,937	0	307,136	0	(395,801)
Added Needs					
Special Education	227,891	0	0	0	(227,891)
Compensatory Education	495,403	0	317,838	0	(177,565)
Career & Technical Education	68,389	0	0	0	(68,389)
Support Services					
Pupil Services	123,712	0	0	0	(123,712)
Instructional Staff	154,019	0	0	0	(154,019)
General Administration	157,236	0	0	0	(157,236)
School Administration	210,635	0	0	0	(210,635)
Business Services	210,886	0	0	0	(210,886)
Operation & Maintenance	488,877	0	0	0	(488,877)
Transportation	452,900	0	0	0	(452,900)
Central Services	1,010	0	0	0	(1,010)
Pupil Activities	3,717	0	0	0	(3,717)
Athletic Activities	122,747	7,087	0	0	(115,660)
Community Services	796	0	0	0	(796)
Food Service	321,777	6,293	487,895	0	172,411
Student/School Activities	162,345	0	123,444	0	(38,901)
Depreciation – Unallocated*	170,875	0	0	0	(170,875)
Interest on Long-Term Debt	7	0	0	0	(7)
Total Governmental Activities	<u>\$ 5,785,326</u>	<u>\$ 13,380</u>	<u>\$ 1,607,114</u>	<u>\$ 0</u>	<u>\$ (4,164,832)</u>

General Revenues:

Property Tax, levied for general purposes	\$ 759,057
Property Tax, levied for buildings & site	486,653
State School Aid	4,089,560
Investment earnings	8,057
Gain (loss) on sale/scrap of assets	(33,470)
Miscellaneous	26,075
Total General Revenues	<u>\$ 5,335,932</u>
Change in Net Position	\$ 1,171,100
Net Position – Beginning (Restated, see Note 19)	(2,965,936)
Net Position - Ending	<u>\$ (1,794,836)</u>

* This amount does not include depreciation reported in the direct expenses of the various programs.

See accompanying notes to the basic financial statements.

**CAMDEN-FRONTIER SCHOOL
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021**

	General Fund	Sinking Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 895,030	\$ 1,685,807	\$ 295,110	\$ 2,875,947
Accounts Receivable	11,562	0	6,047	17,609
Due from Other Funds	52,761	0	15,503	68,264
Due from Other Governmental Units	1,392,897	1,312	2,395	1,396,604
Prepaid Expenditures	50,893	0	549	51,442
Inventory	0	0	610	610
Total Assets	<u>\$ 2,403,143</u>	<u>\$ 1,687,119</u>	<u>\$ 320,214</u>	<u>\$ 4,410,476</u>
LIABILITIES				
Accounts Payable	\$ 56,658	\$ 0	\$ 0	\$ 56,659
Due to Other Funds	15,503	47,869	4,893	68,264
Due to Other Governmental Units	6,779	0	0	6,779
Interest Payable	4,798	0	0	4,798
Salaries & Benefits Payable	340,421	0	3,266	343,687
Notes Payable	945,000	0	0	945,000
Unearned Revenue	96,460	1,312	6,976	104,748
Total Liabilities	<u>\$ 1,465,619</u>	<u>\$ 49,181</u>	<u>\$ 15,135</u>	<u>\$ 1,529,935</u>
FUND BALANCES				
Nonspendable	\$ 50,893	\$ 0	\$ 1,159	\$ 52,052
Restricted	0	1,637,938	169,877	1,807,815
Committed	0	0	134,043	134,043
Assigned	653,707	0	0	653,707
Unassigned	232,924	0	0	232,924
Total Fund Balances	<u>\$ 937,524</u>	<u>\$ 1,637,938</u>	<u>\$ 305,079</u>	<u>\$ 2,880,541</u>
Total Liabilities and Fund Balances	<u>\$ 2,403,143</u>	<u>\$ 1,687,119</u>	<u>\$ 320,214</u>	<u>\$ 4,410,476</u>

The accompanying notes are an integral part of these financial statements.

CAMDEN-FRONTIER SCHOOL
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Position of
Governmental Activities on the Statement of Net Position
June 30, 2021

Fund Balances - total governmental funds	\$	2,880,541
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		8,172,544
Accumulated depreciation has not been included in the governmental fund financial statements.		(3,562,850)
Bonds payable, installment loans, and capital lease obligations are not due and payable in the current period and, therefore, are not reported in the funds.		0
Compensated absences are accrued in the government-wide financial statements whereas in the governmental fund financial statements, an expenditure is reported when paid.		(63,567)
The liabilities for net pension and net OPEB are not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Deferred Outflows – Pension		2,009,072
Deferred Inflows – Pension		(72,260)
Net Pension Liability		(9,240,735)
Deferred Outflows – OPEB		761,008
Deferred Inflows – OPEB		(1,354,005)
Net OPEB Liability		(1,324,584)
Net position of governmental activities	\$	<u>(1,794,836)</u>

The accompanying notes are an integral part of these financial statements.

CAMDEN-FRONTIER SCHOOL
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 20201

REVENUE	General Fund	Sinking Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Local Sources	\$ 794,925	\$ 492,257	\$ 130,144	\$ 1,417,326
State Sources	4,089,561	0	11,216	4,100,777
Federal Sources	985,105	0	477,472	1,462,577
Total Revenue	<u>\$ 5,869,591</u>	<u>\$ 492,257</u>	<u>\$ 618,832</u>	<u>\$ 6,980,680</u>
EXPENDITURES				
Instruction				
Basic Programs				
Elementary	\$ 1,868,290	\$ 0	\$ 0	\$ 1,868,290
Middle School	17,412	0	0	17,412
High School	746,878	0	0	746,878
Added Needs				
Special Education	252,061	0	0	252,061
Compensatory Education	556,379	0	0	556,379
Career & Technical Education	77,024	0	0	77,024
Support Services				
Pupil Services	134,444	0	0	134,444
Instructional Staff	158,882	0	0	158,882
General Administration	172,423	0	0	172,423
School Administration	235,892	0	0	235,892
Business Services	210,886	0	0	210,886
Operation & Maintenance	522,287	0	0	522,287
Pupil Transportation	463,356	0	0	463,356
Central Services	1,010	0	0	1,010

The accompanying notes are an integral part of these financial statements.

CAMDEN-FRONTIER SCHOOL
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021
(continued)

	General Fund	Sinking Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Support Services (continued)				
Pupil Activities	3,717	0	0	3,717
Athletic Activities	127,505	0	0	127,505
Community Services	796	0	0	796
Food Service	0	0	332,511	332,511
Student/School Activities	0	0	162,345	162,345
Debt Service	0	0	0	0
Capital Outlay – Nondepreciable	0	11,803	0	11,803
Capital Outlay	28,125	677,482	10,125	715,732
Total Expenditures	<u>\$ 5,577,367</u>	<u>\$ 689,285</u>	<u>\$ 504,981</u>	<u>\$ 6,771,633</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>\$ 292,224</u>	<u>\$ (197,028)</u>	<u>\$ 113,851</u>	<u>\$ 209,047</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 16,008	\$ 0	\$ 5,515	\$ 21,523
Transfers Out	(5,515)	0	(16,008)	(21,523)
Other Sources	10,065	0	0	10,065
Other Uses	(4,060)	0	0	(4,060)
Total Other Financing Sources (Uses)	<u>\$ 16,498</u>	<u>\$ 0</u>	<u>\$ (10,493)</u>	<u>\$ 6,005</u>
REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ 308,722</u>	<u>\$ (197,028)</u>	<u>\$ 103,358</u>	<u>\$ 215,052</u>
FUND BALANCES - Beginning (Restated, see Note 19)	<u>628,802</u>	<u>1,834,966</u>	<u>201,721</u>	<u>2,665,489</u>
FUND BALANCES - Ending	<u><u>\$ 937,524</u></u>	<u><u>\$ 1,637,938</u></u>	<u><u>\$ 305,079</u></u>	<u><u>\$ 2,880,541</u></u>

The accompanying notes are an integral part of this statement.

CAMDEN-FRONTIER SCHOOL
 Reconciliation of Statement of Revenue, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended June 30, 2021

Net changes in fund balances - total governmental funds \$ 215,052

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Purchase/acquisition of capital assets	715,732
Depreciation expense	(190,820)

Governmental funds report the entire net sales price (proceeds) from the sale of assets as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain or loss on the sale/scrap of assets. Thus, the change in net position differs from the change in fund balance by the net book value of the assets sold/scrapped.

Net book value of assets sold/scrapped	(33,470)
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Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term debt in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position.

Long-term debt proceeds received	0
Principal payments on long-term debt	4,052

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Change in net pension liability and related deferred amounts	175,412
Change in net OPEB liability and related deferred amounts	273,317
Change in the accrual for compensated absences	11,825

Change in net position of governmental activities	\$ 1,171,100
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The accompanying notes are an integral part of these financial statements.

CAMDEN-FRONTIER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Camden-Frontier School is a K-12 public school district with an enrollment of approximately 505 students. The School District operates under a locally elected seven-member Board of Education, and the administrative staff is headed by a superintendent. The School District's boundaries encompass parts of Hillsdale County and Branch County in the State of Michigan.

The accounting policies of Camden-Frontier School conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The following is a summary of significant accounting policies used by Camden-Frontier School:

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards and agencies that are not legally separate from the School District.

Component units are legally separate organizations for which the School District is financially accountable. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves their budget, the issuance of their debt, or the levying of taxes. The School District has no component units.

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. For the most part, the effect of interfund activity has been removed from these statements.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Property taxes, State Aid, and other items not properly included among program revenues are reported as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements - Fund financial statements report detailed information about the School District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

CAMDEN-FRONTIER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting

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

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 to be collected with the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if it is collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Under the modified accrual basis, the property taxes, interest, and grants are considered to be both measurable and available at fiscal year-end. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as inventory.

Financial Statement Presentation

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

The School District reports the following major governmental funds:

General Fund - The general fund is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the laws of the State of Michigan.

Capital Projects Fund: Sinking Fund - This capital projects fund is used to account for financial resources from the 3.5-mill tax levy for the general upgrade and remodeling of the District's buildings and facilities.

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 (other than special assessments, expendable trust, or major capital projects) that are legally restricted to expenditures for specified purposes (i.e. food service activities and student/school activities).

Debt Retirement Funds - Debt Retirement Funds are used to account for the accumulation of resources for and the payment of general long-term principal, interest, and related costs.

CAMDEN-FRONTIER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Bank Deposits and Investments - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less. During the fiscal year ended June 30, 2021, there were no investment accounts.

Inventories - Food service inventories are stated at cost. Federal government food commodities inventories are stated at their assigned U.S.D.A. value. All inventories are charged to expenditures when consumed.

Capital Assets - General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$5,000. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings & Improvements	20 - 50 years
Furniture & Equipment	5 - 20 years
Vehicles and Buses	5 years

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Compensated Absences (Vacation and Sick Leave) - It is the School District's policy to permit employees to accumulate earned but unused sick day and personal day benefits. These benefits are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignation, retirement, or death.

Interfund Balances - On fund financial statements, receivables and payables resulting from short-term interfund loans are reported as "due to/from other funds." These amounts are eliminated on the government-wide statement of net position.

CAMDEN-FRONTIER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Long-Term Obligations - In the government-wide financial statements, all payables, accrued liabilities and long-term obligations are reported as liabilities in the statement of net position. Bonds payable are recorded net of the applicable bond premium or discount. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs are reported as debt retirement expenditures.

Fund Balance – In accordance with Governmental Account Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*, the fund financial statements report the following components of fund balance:

- Nonspendable: Amounts that are not in a spendable form or are legally or contractually required to be maintained intact.
- Restricted: Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose.
- Committed: Amounts that have been formally set aside by the School Board for use for specific purposes. Commitments are made and can be rescinded only by a resolution of the School Board.
- Assigned: Amounts that are intended to be spent on specific purposes, as expressed by the School Board or by a committee or individual designated by the School Board.
- Unassigned: Amounts that are available for day-to-day operations.

The District considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred from purposes for which amounts in any of those unrestricted fund balance classifications could be used.

The District considers restricted funds to be spent first when expenditures are incurred for which both restricted and unrestricted amounts are available.

Pension Plan – 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 Employees Retirement System (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

CAMDEN-FRONTIER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interfund Activity - Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2- STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information - The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. The legal level of budgetary control has been established by the Board of Education at the function level. Any budgetary modifications may only be made by resolution of the Board of Education. All annual appropriations lapse at fiscal year end.

The School District follows these procedures in establishing the budgets for the individual funds as reflected in the financial statements:

- 1) Prior to June 30, the Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1.
- 2) A public hearing is conducted during June to obtain taxpayer comments.
- 3) Prior to June 30, the budget is legally enacted through passage of a resolution.
- 4) For purposes of meeting emergency needs of the School District, transfer of appropriations may be made by the authorization of the Superintendent. Such transfers appropriations must be approved by the Board of Education at its next regularly scheduled meeting.
- 5) The School Superintendent is charged with general supervision of the budget and shall hold the department heads responsible for performance of their responsibilities.
- 6) During the year the budget is monitored, and amendments to the budget resolution are made when deemed necessary.

During the year, the District incurred expenditures which were in excess of the amounts appropriated as shown in the Budgetary Comparison Schedules on pages 37-38.

Sinking Fund - In accordance with Section 1212(1) of the Michigan School code, the District received voter approval in November, 2015, to levy a tax of 3.5 mills (maximum) for five years, for the purpose of creating a sinking fund for the upgrade and remodeling of the buildings and facilities. In our opinion, the District is in compliance with the provisions of Section 1212(1) of the Michigan School Code.

NOTE 3 - DEPOSITS AND INVESTMENTS

State law authorizes the District to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not

CAMDEN-FRONTIER SCHOOL
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. As of June 30, 2021, the District's deposit and investments are in accordance with statutory authority.

The District uses financial institutions for cash purposes, which is in accordance with statutory authority. The accounts maintained in the financial institutions are checking, savings, and certificates of deposit. The interest rates of the checking and savings accounts are at variable daily rates.

The District's deposits at June 30, 2021, are as follows:

	Governmental Activities	Total Government
Deposits	\$ 2,876,007	\$ 2,876,007

The District's deposits are subject to several types of risk, which are examined in more detail as follows:

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

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District minimizes credit risk by limiting investments to the types of securities allowed by State law and pre-qualifying the financial institutions with which the District will do business.

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

Custodial Credit Risk (Deposits) - In the case of deposits, this is the risk that in the event of a financial institution failure, the District's deposits may not be recovered. As of June 30, 2021, \$3,428,428 of the District's bank balance of \$3,678,428 was exposed to custodial credit risk because it was uninsured. The District believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution. Only those institutions with an acceptable estimated risk level are used as depositories.

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

CAMDEN-FRONTIER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 - RECEIVABLES

Receivables at June 30, 2021, consist mainly of property taxes and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of property taxes, the stable condition of State programs, and the current year guarantee of Federal funds.

A summary of the principal items of receivables follows:

State Aid	\$ 762,162
Federal grants	610,940
Local sources	<u>23,502</u>
Total	<u><u>\$ 1,396,604</u></u>

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, unearned revenue was recorded in the following funds:

General Fund	\$ 96,460
Sinking Fund	1,312
Food Service Fund	<u>6,976</u>
	<u><u>\$ 104,748</u></u>

NOTE 5 - FUND BALANCE CONSTRAINTS

Fund balances have been constrained for the following purposes:

	General Fund	Sinking Fund	Food Service Fund	Student/ School Activities
Nonspendable:				
Inventory	\$ 0	\$ 0	\$ 610	\$ 0
Prepaid Expenditures	50,893	0	549	0
Restricted:				
Capital Outlay	0	1,637,938	0	0
Food Service	0	0	169,877	0
Debt Service	0	0	0	0
Committed:				
Student/School Activities	0	0	0	134,043
Assigned:				
Budgeted expenditures in excess of revenue for 2021-22	653,707	0	0	0

**CAMDEN-FRONTIER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	Beginning Balance 7/1/2020	Additions	Deletions	Ending Balance 6/30/2021
Capital assets not being depreciated				
Land	\$ 160,000	\$ 0	\$ 0	\$ 160,000
Capital assets being depreciated				
Buildings & Improvements	\$ 6,270,980	\$ 667,125	\$ (42,639)	\$ 6,895,466
Furniture & Equipment	916,110	48,607	(7,199)	957,518
Vehicles	159,560	0	0	159,560
Subtotal	<u>\$ 7,346,650</u>	<u>\$ 715,732</u>	<u>\$ (49,838)</u>	<u>\$ 8,012,544</u>
Less accumulated depreciation for				
Buildings & Improvements	\$ (2,533,832)	\$ (156,709)	\$ 13,968	\$ (2,676,573)
Furniture & Equipment	(754,841)	(14,166)	2,400	(766,607)
Vehicles	(99,725)	(19,945)	0	(119,670)
Subtotal	<u>\$ (3,388,398)</u>	<u>\$ (190,820)</u>	<u>\$ 16,368</u>	<u>\$ (3,562,850)</u>
Total capital assets being depreciated, net	<u>\$ 3,958,252</u>	<u>\$ 524,912</u>	<u>\$ (33,470)</u>	<u>\$ 4,449,694</u>
Total capital assets, net	<u><u>\$ 4,118,252</u></u>	<u><u>\$ 524,912</u></u>	<u><u>\$ (33,470)</u></u>	<u><u>\$ 4,609,694</u></u>

Depreciation expense was charged to functions/programs of the District as follows:

Support services	
Pupil Transportation	\$ 19,945
Unallocated	<u>170,875</u>
Total	<u><u>\$ 190,820</u></u>

NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances at June 30, 2020, is as follows:

Fund	Interfund Receivable	Fund	Interfund Payable
Food Service Fund	\$ 15,503	General Fund	\$ 15,503
General Fund	47,869	Sinking Fund	47,869
General Fund	<u>4,893</u>	2014 School Bus Bond Fund	<u>4,893</u>
	<u><u>\$ 68,265</u></u>		<u><u>\$ 68,265</u></u>

The interfund balance between the General Fund and the Food Service Fund represents reimbursement for food service expenditures paid by the General Fund. The interfund balance between the Sinking Fund and the General Fund is a net figure representing reimbursement for Sinking Fund expenditures paid by General Fund. The interfund balance between 2014 School Bus Bonds Fund and General Fund is to close out the School Bus Bond Fund.

CAMDEN-FRONTIER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES (continued)

Interfund transfers during the year consisted of the following:

Transfer from General Fund to Food Service – At Risk	\$ 2,960
Transfer from General Fund to Food Service – Bad debt	2,555
Transfer from Food Service to General Fund – Indirect costs	11,115
Transfer from School Bus Bond Fund to General Fund – close out fund	4,893

NOTE 8 - SHORT-TERM DEBT

At June 30, 2021, the District had a note payable outstanding of \$945,000. The note had an interest rate of .59% and a maturity date of August 20, 2021. The note was secured by the full faith and credit of the District as well as pledged state aid.

The following table outlines the District’s short-term debt activity for the year ended June 30, 2021:

Balance 6/30/2020	Additions	Payments	Balance 6/30/2021
\$ 1,000,000	\$ 945,000	\$ (1,000,000)	\$ 945,000

Short-term debt is issued by the District to provide for cash flow needs between State Aid payments.

NOTE 9 - LONG-TERM DEBT

The District issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. Installment purchase agreements are also general obligations of the government.

Installment Purchase Agreements

In September, 2017, the District financed the purchase of 275 chrome books and 3 charging stations and a security camera system through two installment purchase agreements with a local bank. These agreements were paid off during the year.

Long-term debt activity is summarized as follows:

	Balance 6/30/2020	Increases	Payments/ Reductions	Balance 6/30/2021
Installment Purchase Agreements				
Chromebook Loan	\$ 3,350	\$ 0	\$ (3,350)	\$ 0
Security Camera Loan	702	0	(702)	0
Net Pension Liability	9,903,878	0	(663,143)	9,240,735
Net OPEB Liability	2,114,112	0	(789,528)	1,324,584
Compensated Absences	75,392	0	(11,825)	63,567
Total	\$ 12,097,434	\$ 0	\$ (1,468,548)	\$ 10,628,886

CAMDEN-FRONTIER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 10 - COMPENSATED ABSENCES

Vested or sick leave, leave pay, or personal days that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the governmental fund that will pay it. The entire compensated absence liability is reported on the government-wide financial statements.

Sick leave is earned by teachers at the rate of 10 days per year, and a maximum of 100 unused days may be accumulated. A teacher who leaves the employ of the District after 15 years of service in the system will be paid for ½ of the accumulated sick days at the current rate of substitute teacher pay. Leave pay is earned by unionized support personnel at the rate of 13-14 days per year, and a maximum of 150 days may be accumulated. All such employees who have been employed by the District for 15 years or more shall receive, when they resign from employment, payment for ¾ of the accumulated leave days at their pay rate at the time of resignation.

NOTE 11 - PROPERTY TAXES

The School District levies its property taxes on December 1 on the taxable valuation of property located in the school district as of the preceding December 31. Various municipalities collect the property taxes and remit them to the District through March. The delinquent real property taxes of the District are purchased by the County, and delinquent personal property taxes continue to be collected by the municipalities and recorded as revenue as they are collected. The total levy for 2020 was 18.0 mills on non-homestead valuation for operational purposes and 3.4629 mills on total valuation for the sinking fund. The 2020 taxable valuation of the District totaled approximately \$135,500,000.

NOTE 12 - DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS

Plan Description

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

The System's 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 www.michigan.gov/orsschools.

Benefits Provided

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected, member retirement benefits

CAMDEN-FRONTIER SCHOOL
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 12 - DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS (continued)

are determined by final average compensation, years of service, and a pension factor ranging from 1.25% to 1.50%. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

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

Contributions

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2019 valuation will be amortized over a 19-year period beginning October 1, 2019 and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for the fiscal year ended September 30, 2020:

Pension Contribution Rates		
<u>Benefit Structure</u>	<u>Member</u>	<u>Employer</u>
Basic	0.0 – 4.0 %	19.41 %
Member Investment Plan	3.0 – 7.0	19.41%
Pension Plus	3.0 – 6.4	16.46%
Pension Plus 2	6.2	19.59%
Defined Contribution	0.0	13.39%

Regular contributions to the pension plan from Camden-Frontier School were \$739,270 for the year ended September 30, 2020.

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

At June 30, 2021, Camden-Frontier School reported a liability of \$9,240,735 for its proportionate share of the MPERS net pension liability. The net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2019. Camden-Frontier School's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2020, Camden-Frontier School's proportion was .02690085% which was an decrease of .0030052% from its proportion measured at September 30, 2019.

CAMDEN-FRONTIER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12 - DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS (continued)

For the year ended June 30, 2021 Camden-Frontier School recognized pension expense of \$1,253,406. At June 30, 2021, Camden-Frontier School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 141,191	\$ 19,723
Changes of assumptions	1,023,962	0
Net difference between projected and actual earnings on pension plan investments	38,825	0
Changes in proportion and differences between Employer contributions and proportionate share of contributions	268,962	702,884
District contributions subsequent to the measurement date	536,132	0
Total	\$ 2,009,072	\$ 722,607

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	Amount
2021	\$ 470,809
2022	279,178
2023	33,431
2024	(33,085)

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 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.

CAMDEN-FRONTIER SCHOOL
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 12 - DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS (continued)
 Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Actuarial Assumptions

Valuation Date:	September 30, 2019
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	
- MIP Basic Plans	6.80% net of investment expenses
- Pension Plus Plan	6.80% net of investment expenses
- Pension Plus 2	6.00% net of investment expenses
Projected Salary Increases:	2.75%-11.55% including wage inflation at 2.75%
Cost-of-Living Pension Adjustments	3.0% Annual Non-Compounded for MIP Members
Mortality: Retirees:	RP-2014 Male and Female Health Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006
Active Members:	P-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Notes:

- Assumption changes as a result of an experience study for the periods 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2017 valuation. The total pension liability as of September 30, 2020, is based on the results of an actuarial valuation date of September 30, 2019, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.4892
- Recognition period for assets in years is 5.0000
- Full actuarial assumptions are available in the 2020 MPSERS Comprehensive Annual Financial Report found on the ORS website at www.michigan.gov/orsschools

CAMDEN-FRONTIER SCHOOL
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 12 - DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS (continued)

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, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.00%	5.6%
Private Equity Pools	16.0	9.3
International Equity	15.0	7.4
Fixed Income Pools	10.5	0.5
Real Estate and Infrastructure Pools	10.0	4.9
Absolute Return Pools	9.0	3.2
Real Return/Opportunistic Pools	12.5	6.6
Short Term Investment Pools	2.0	0.1
Total	100.00%	

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

Rate of Return

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

Discount Rate

A discount rate of 6.80% was used to measure the total pension liability (6.80% for the Pension Plus Plan, 6.0% for the Pension Plus 2 plan). This discount rate was based on the long term expected rate of return on pension plan investments of 6.80% (6.80% for the Pension Plus Plan, 6.0% for the Pension Plus 2 plan). The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Camden-Frontier School's proportionate share of the net pension liability to changes in the discount rate

The following presents Camden-Frontier School's proportionate share of the net pension liability, calculated using the discount rate of 6.80% (6.80% for the Pension Plus Plan, 6.0% for the Pension Plus 2 plan), as well as what Camden-Frontier School's proportionate share of the net pension liability would

CAMDEN-FRONTIER SCHOOL
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 12 - DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS (continued)

be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

1% Decrease	Current Single Discount Rate Assumption	1% Increase
5.80% / 5.80% / 5.00%	6.80% / 6.80% / 6.0%	7.80% / 7.80% / 7.00%
\$11,960,563	\$9,240,735	\$6,986,603

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

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

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

NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

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 fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree healthcare recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP Graded plan members) the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008 (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1,

**CAMDEN-FRONTIER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 13– POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

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, 2019 valuation will be amortized over a 19-year period beginning October 1, 2019 and ending September 30, 2038.

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

OPEB Contribution Rates

<u>Benefit Structure</u>	<u>Member</u>	<u>Employer</u>
Premium Subsidy	3.0 %	8.09 %
Personal Healthcare Fund (PHF)	0.0 %	7.57 %

Required contributions to the OPEB plan from Camden-Frontier School were \$174,724 for the year ended September 30, 2020.

CAMDEN-FRONTIER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)
OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, Camden-Frontier School reported a liability of \$1,324,854 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2020. Camden-Frontier School’s proportion of the net OPEB liability was determined by dividing each employer’s statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2020, Camden-Frontier School’s proportion was .02473004% which was a decrease of .00472365% from its proportion measured as of October 1, 2019.

For the year ending June 30, 2021, Camden-Frontier School recognized OPEB expense of \$70,624. At June 30, 2021, Camden-Frontier School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between actual and expected experience	\$ 0	\$ 987,140
Changes of Assumptions	436,831	0
Net difference between projected and actual earnings on OPEB plan investments	11,057	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	107,567	366,865
Employer contributions subsequent to the measurement date	<u>205,553</u>	<u>0</u>
Total	<u>\$ 761,008</u>	<u>\$ 1,354,005</u>

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

<u>Year</u>	<u>Amount</u>
2021	\$ (180,430)
2022	(164,939)
2023	(157,380)
2024	(158,825)
2025	(136,976)

**CAMDEN-FRONTIER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date:	September 30, 2019
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.95% net of investment expenses
Projected Salary Increases:	2.75% - 11.55%, including wage inflation at 2.75%
Healthcare Cost Trend Rate:	7.0% Year 1 graded to 3.5% Year 15; 3.0% year 120
Mortality: Retirees:	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Active Members:	RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Other Assumptions:	
Opt Out Assumptions	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan
Survivor Coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death
Coverage Election at Retirement	75% of male and 60% of female future retirees are assumed to elect coverage for one or more dependents.

Notes:

- Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual OPEB valuations beginning with the September 30, 2017 valuation. The total OPEB liability as of September 30, 2020, is based on the results of an actuarial valuation date of September 30, 2019, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 5.6018
- Recognition period for assets in years is 5.0000
- Full actuarial assumptions are available in the 2020 MPSERS Comprehensive Annual Financial Report found on the ORS website at www.michigan.gov/orsschools.

CAMDEN-FRONTIER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan’s target asset allocation as of September 30, 2020, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.00%	5.6%
Private Equity Pools	16.0	9.3
International Equity	15.0	7.4
Fixed Income Pools	10.5	0.5
Real Estate and Infrastructure Pools	10.0	4.9
Absolute Return Pools	9.0	3.2
Real Return/Oppportunistic Pools	12.5	6.6
Short Term Investment Pools	2.0	(0.1)
Total	100.00%	

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

Rate of Return

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

Discount Rate

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

Sensitivity of Camden-Frontier School’s proportionate share of the net OPEB liability to changes in the discount rate

The following presents Camden-Frontier School’s proportionate share of the net OPEB liability calculated using the discount rate of 6.95%, as well as what Camden-Frontier School’s proportionate

**CAMDEN-FRONTIER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

1% Decrease	Current Discount Rate	1% Increase
5.95%	6.95%	7.95%
\$1,701,926	\$1,324,584	\$1,007,392

Sensitivity of Camden-Frontier School’s proportionate share of the net OPEB liability to Healthcare Cost Trend Rate

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

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$995,237	\$1,324,854	\$1,699,754

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued 2020 MPSERS CAFR, available on the ORS website at www.michigan.gov/orsschools

NOTE 14 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical benefits provided to employees. The School District has purchased commercial insurance for medical benefits and participates in the MASB-SEG Property/Casualty risk pool for the remaining areas of risk. There has been no significant reduction in coverages, and settled claims have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The MASB/SEG Property/Casualty Pool, Inc. is a public entity risk pool (self-insurance pool) which provides for reinsurance by various insurance companies at various levels, depending on coverage.

Should the pool experience significant losses in the aggregate, the School District may be required to pay additional monies to the pool. At present, the pool has not required additional funds, but rather has issued refunds based on experience gains over experience losses over the last few years.

NOTE 15 - UNEMPLOYMENT TAXES

The School District is a reimbursing employer to the Michigan Unemployment Insurance Agency and, as such, is responsible to pay the Agency for those benefits paid and charged to its account. As of June 30, appropriate liabilities have been recorded for all claims paid by the Agency. However, no provision has been made for future payments that might result from claims in process or not filed.

NOTE 16 - COMMITMENTS

In its July, 2021, meeting the Board approved borrowing up to \$945,000 in anticipation of State Aid for the 2021-22 school year.

CAMDEN-FRONTIER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 17 – TAX ABATEMENTS

GASB Statement No. 77, Tax Abatement Disclosures requires the disclosure of tax abatement information about (1) a reporting government’s own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government’s tax revenue. As of June 30, 2020, the District did not have any tax abatement agreements, and there were no tax abatement agreements entered into by other governments that reduced the District’s tax revenue.

NOTE 18 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 27, 2021, the date on which the financial statements were available to be issued.

NOTE 19 – NEW ACCOUNTING STANDARD

GASB Statement No. 84, *Fiduciary Activities*, was issued in January 2017 and is effective for the District’s 2021 year-end. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities focusing on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements.

The restatement of the beginning of the year fund balances and net position as the result of adopting this new standard is as follows:

	Fund Balances	
	Student/School Activity Fund	Governmental Funds
Fund balances as of July 1, 2020, as previously stated	\$ 0	\$ 2,492,545
Adoption of GASB Statement No. 84	172,944	172,944
Fund balances as of July 1, 2020, as restated	\$ 172,944	\$ 2,665,489
	Net Position	
	Governmental Activities	
Net position as of July 1, 2020, as previously stated	\$ (3,138,880)	
Adoption of GASB Statement No. 84	172,944	
Net position as of July 1, 2020, as restated	\$ (2,965,936)	

NOTE 20 – UPCOMING ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 87, *Leases*, was issued in June 2017 and will be effective for the District’s 2022 year-end. The objective of this Statement is to increase the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources and outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities.

CAMDEN-FRONTIER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 21 – GLOBAL PANDEMIC

The COVID-19 pandemic developed rapidly in 2020, with a significant number of infections, both locally and worldwide. The extent of the impact on the District’s operational and financial performance will depend on the duration and spread of the outbreak, the impact on the state economy, taxpayers, employees, and vendors, all of which are uncertain and cannot be predicted.

**CAMDEN-FRONTIER SCHOOL
SCHEDULE OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Original	Budget Amounts Final	Actual	Actual Over (Under) Final Budget
REVENUE				
Local Sources	\$ 774,531	\$ 801,631	\$ 794,925	\$ (6,706)
State Sources	3,659,604	4,100,518	4,089,561	(10,957)
Federal Sources	468,197	935,036	985,105	50,069
Total Revenue	<u>\$ 4,902,332</u>	<u>\$ 5,837,185</u>	<u>\$ 5,869,591</u>	<u>\$ 32,406</u>
EXPENDITURES				
Instruction				
Basic Programs	\$ 2,509,437	\$ 2,765,429	\$ 2,629,572	\$ (135,857)
Added Needs	1,084,083	965,426	885,464	(79,962)
Support Services				
Pupil Services	15,024	137,109	134,444	(2,665)
Instructional Staff	133,517	124,010	158,882	34,872
General Administration	173,285	168,974	172,423	3,449
School Administration	244,818	242,432	235,892	(6,540)
Business Services	118,206	232,778	210,886	(21,892)
Operation & Maintenance	457,150	545,911	522,287	(23,624)
Pupil Transportation	403,075	495,672	463,356	(32,316)
Other Support Services	76,150	147,581	132,232	(15,349)
Community Services	0	5,845	796	(5,049)
Capital Outlay	0	31,133	31,133	0
Total Expenditures	<u>\$ 5,214,745</u>	<u>\$ 5,862,300</u>	<u>\$ 5,577,367</u>	<u>\$ (284,933)</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>\$ (312,413)</u>	<u>\$ (25,115)</u>	<u>\$ 292,224</u>	<u>\$ 317,339</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers in	\$ 0	\$ 0	\$ 16,008	\$ 16,008
Operating Transfers out	0	0	(5,515)	(5,515)
Other Sources	52,080	50,533	10,065	(40,468)
Other Uses	(4,152)	(6,252)	(4,060)	2,192
Total Other Financing Sources (Uses)	<u>\$ 47,928</u>	<u>\$ 44,281</u>	<u>\$ 16,498</u>	<u>\$ (27,783)</u>
REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ (264,485)</u>	<u>\$ 19,166</u>	<u>\$ 308,722</u>	<u>\$ 289,556</u>
FUND BALANCES - Beginning	<u>628,802</u>	<u>628,802</u>	<u>628,802</u>	<u>0</u>
FUND BALANCES - Ending	<u><u>\$ 364,317</u></u>	<u><u>\$ 647,968</u></u>	<u><u>\$ 937,524</u></u>	<u><u>\$ 289,556</u></u>

The accompanying notes are an integral part of this statement

CAMDEN-FRONTIER SCHOOL
 SCHEDULE OF REVENUE, EXPENDITURES AND
 CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
 SINKING FUND
 FOR THE YEAR ENDED JUNE 30, 2021

	Budget Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
REVENUE				
Property Taxes	\$ 467,315	\$ 443,275	\$ 486,653	\$ 43,378
Interest Income	14,000	6,275	5,604	(671)
Total Revenue	<u>\$ 481,315</u>	<u>\$ 449,550</u>	<u>\$ 492,257</u>	<u>\$ 42,707</u>
EXPENDITURES				
Capital Outlay-Nondepreciable	\$ 0	\$ 15,000	\$ 14,811	\$ (189)
Capital Outlay-Depreciable	600,000	230,000	674,474	444,474
Total Expenditures	<u>\$ 600,000</u>	<u>\$ 245,000</u>	<u>\$ 689,285</u>	<u>\$ 444,285</u>
REVENUE OVER (UNDER) EXPENDITURES	\$ (118,685)	\$ 204,550	\$ (197,028)	\$ (401,578)
FUND BALANCES - Beginning	<u>1,834,966</u>	<u>1,834,966</u>	<u>1,834,966</u>	<u>0</u>
FUND BALANCES - Ending	<u>\$ 1,716,281</u>	<u>\$ 2,039,516</u>	<u>\$ 1,637,938</u>	<u>\$ (401,578)</u>

The accompanying notes are an integral part of this statement

CAMDEN-FRONTIER SCHOOL
Schedule of the District's Proportionate Share of the Net Pension Liability
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Amounts were determined as of 9/30 of each fiscal year)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
A. District's proportion of net pension liability (%)				0.02690085%	0.02990605%	0.02879283%	0.0241188%	0.0275266%	0.02825%	0.02976%
B. District's proportionate share of net pension liability				\$ 9,240,735	\$ 9,903,878	\$ 8,655,644	\$ 7,103,583	\$ 6,867,661	\$ 6,901,062	\$ 6,553,997
C. District's covered-employee payroll				\$ 2,208,414	\$ 2,588,751	\$ 2,548,258	\$ 2,297,009	\$ 2,291,761	\$ 2,404,100	\$ 2,663,818
D. District's proportionate share of net pension liability as a percentage of its covered-employee payroll				418.43%	382.57%	339.67%	309.25%	299.67%	287.05%	246.04%
E. Plan fiduciary net position as a percentage of total pension liability				59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

CAMDEN-FRONTIER SCHOOL
Schedule of the District's Pension Contributions
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Amounts were determined as of 6/30 of each year)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
A. Statutorily required contributions				\$ 697,113	\$ 664,062	\$ 656,429	\$ 618,017	\$ 569,619	\$ 589,756	\$ 604,559
B. Contributions in relation to statutorily required contributions				697,113	664,062	656,429	618,017	569,619	589,756	604,559
C. Contribution deficiency (excess)				\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
D. District's covered-employee payroll				\$ 2,529,208	\$ 2,294,903	\$ 2,537,877	\$ 2,493,120	\$ 2,275,041	\$ 2,340,906	\$ 2,500,176
E. Contributions as a percentage of covered employee payroll				27.56%	28.94%	25.86%	24.79%	25.04%	25.19%	24.18%

CAMDEN-FRONTIER SCHOOL
Schedule of the District's Proportionate Share of the Net OPEB Liability
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Amounts were determined as of 9/30 of each fiscal year)

	<u>2026</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
A. District's proportion of net OPEB liability (%)							0.02473004%	0.02945369%	0.02982799%	0.02729823%
B. District's proportionate share of net OPEB liability							\$ 1,324,854	\$ 2,114,112	\$ 2,371,013	\$ 2,417,387
C. District's covered payroll (OPEB)							\$ 2,208,414	\$ 2,588,751	\$ 2,548,258	\$ 2,297,009
D. District's proportionate share of net OPEB liability as a percentage of its covered payroll (%)							59.99%	81.67%	93.04%	105.24%
E. Plan fiduciary net position as a percentage of total OPEB liability							59.44%	48.46%	42.95%	36.39%

CAMDEN-FRONTIER SCHOOL
Schedule of the District's OPEB Contributions
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Amounts were determined as of 6/30 of each year)

	<u>2027</u>	<u>2026</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
A. Statutorily required OPEB contributions							\$ 262,843	\$ 220,666	\$ 251,528	\$ 233,280
B. OPEB Contributions in relation to statutorily required contributions							<u>262,843</u>	<u>220,666</u>	<u>251,528</u>	<u>233,280</u>
C. Contribution deficiency (excess)							<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
D. District's covered-employee payroll (OPEB)							\$ 2,529,208	\$ 2,294,903	\$ 2,537,877	\$ 2,493,120
E. OPEB Contributions as a percentage of covered payroll							10.39%	9.62%	9.91%	9.36%

CAMDEN-FRONTIER SCHOOL
Notes to Required Supplementary Information
for the Year Ended June 30, 2021

Pension Information

Benefit changes - There were no changes of benefit terms in plan year 2020.

Changes of assumptions – There were no changes of benefits assumptions in plan year 2020.

OPEB Information

Benefit changes - There were no changes of benefit terms in plan year 2020.

Changes of assumptions – There were no changes of benefits assumptions in plan year 2020.

CAMDEN-FRONTIER SCHOOL
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2021

	Special Revenue Funds			2014 School Bus Bonds	Total Nonmajor Governmental Funds
	Food Service Fund	Student/ School Activities			
ASSETS					
Cash	\$ 156,174	\$ 134,043		\$ 4,893	\$ 295,110
Accounts Receivable	6,047	0		0	6,047
Due from Other Funds	15,503	0		0	15,503
Due Due from Other Governmental Units	2,395	0		0	2,395
Prepaid Expense	549	0		0	549
Inventory	610	0		0	610
Total Assets	<u>\$ 181,278</u>	<u>\$ 134,043</u>		<u>\$ 4,893</u>	<u>\$ 320,214</u>
LIABILITIES					
Accounts Payable	\$ 0	\$ 0		\$ 0	\$ 0
Due to Other Funds	0	0		4,893	4,893
Salaries & Benefits Payable	3,266	0		0	3,266
Unearned Revenue	6,976	0		0	6,976
Total Liabilities	<u>\$ 10,242</u>	<u>\$ 0</u>		<u>\$ 4,893</u>	<u>\$ 15,135</u>
FUND BALANCE					
Nonspendable	\$ 1,159	\$ 0		\$ 0	\$ 1,159
Restricted	169,877	0		0	169,877
Committed	0	134,043		0	134,043
Assigned	0	0		0	0
Unassigned	0	0		0	0
Total Fund Balances	<u>\$ 171,036</u>	<u>\$ 134,043</u>		<u>\$ 0</u>	<u>\$ 305,079</u>
Total Liabilities & Fund Balances	<u>\$ 181,278</u>	<u>\$ 134,043</u>		<u>\$ 4,893</u>	<u>\$ 320,214</u>

CAMDEN-FRONTIER SCHOOL
COMBINING STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Food Service Fund	Student/ School Activities	2014 School Bus Bonds	
REVENUE				
Food Service Sales	\$ 6,293	\$ 0	\$ 0	\$ 6,293
State School Aid	11,216	0	0	11,216
Federal National School Lunch Program	477,472	0	0	477,472
Student/School Activities	0	123,444	0	123,444
Interest Income	34	0	7	41
Miscellaneous Income	366	0	0	366
Total Revenue	<u>\$ 495,381</u>	<u>\$ 123,444</u>	<u>\$ 7</u>	<u>\$ 618,832</u>
EXPENDITURES				
Salaries & Wages	\$ 56,463	\$ 0	\$ 0	\$ 56,463
Employee Benefits	22,688	0	0	22,688
Purchased Services	3,590	0	0	3,590
Supplies & Materials	247,400	0	0	247,400
Other	2,370	0	0	2,370
Student/School Activities	0	162,345	0	162,345
Redemption of Principal	0	0	0	0
Interest on Debt	0	0	0	0
Capital Outlay-Depreciable	10,125	0	0	10,125
Total Expenditures	<u>\$ 342,636</u>	<u>\$ 162,345</u>	<u>\$ 0</u>	<u>\$ 504,981</u>
Excess of Revenue Over (Under) Expenditures	<u>\$ 152,745</u>	<u>\$ (38,901)</u>	<u>\$ 7</u>	<u>\$ 113,851</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 5,515	\$ 0	\$ 0	\$ 5,515
Transfers Out	(11,115)	0	(4,893)	(16,008)
Total Other Financing Sources (Uses)	<u>\$ (5,600)</u>	<u>\$ 0</u>	<u>\$ (4,893)</u>	<u>\$ (10,493)</u>
Net Change in Fund Balances	<u>\$ 147,145</u>	<u>\$ (38,901)</u>	<u>\$ (4,886)</u>	<u>\$ 103,358</u>
FUND BALANCES – Beginning (Restated, see Note 19)	<u>23,891</u>	<u>172,944</u>	<u>4,886</u>	<u>201,721</u>
FUND BALANCES – Ending	<u><u>\$ 171,036</u></u>	<u><u>\$ 134,043</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 305,079</u></u>

**CAMDEN-FRONTIER SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grantor Pass-Through Grantor Program Title - Grant Number	Federal CFDA Number	Pass-through Grantor's Number	Award Amount	(Deferred) Revenue 7/1/2020	Accrued or (Memo Only) Prior Year Expenditures	Current Year Receipts	Current Year Expenditures	Adjustments and Transfers	Accrued (Deferred) Revenue 6/30/2021
U.S. Department of Agriculture:									
Passed through Michigan Department of Education:									
Child Nutrition Cluster:									
Non-cash assistance (U.S.D.A. commodities):									
Entitlement Commodities	10.555		\$ 18,217	\$ 0	\$ 0	\$ 18,217	\$ 18,217	\$ 0	\$ 0
Cash assistance:									
COVID-19 Summer Food Service Program	10.559	200902	\$ 137,502	\$ (33,499)	\$ 104,003	\$ 0	\$ 33,499	\$ 0	\$ 0
		200900	30,469	0	0	30,469	30,469	0	0
		210904	394,526	0	0	394,526	394,526	0	0
			<u>\$ 562,497</u>	<u>\$ (33,499)</u>	<u>\$ 104,003</u>	<u>\$ 424,995</u>	<u>\$ 458,494</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Child Nutrition Cluster			<u>\$ 580,714</u>	<u>\$ (33,499)</u>	<u>\$ 104,003</u>	<u>\$ 443,212</u>	<u>\$ 476,711</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total U.S. Department of Agriculture			<u>\$ 580,714</u>	<u>\$ (33,499)</u>	<u>\$ 104,003</u>	<u>\$ 443,212</u>	<u>\$ 476,711</u>	<u>\$ 0</u>	<u>\$ 0</u>
U.S. Department of Treasury:									
Passed through Michigan Department of Education:									
Coronavirus Relief Fund (CRF)									
103(2) District COVID Funds	21.019	2021	\$ 6,269	\$ 0	\$ 0	\$ 6,269	\$ 1,814	\$ 0	\$ 4,455
11p Coronavirus Relief Funds			178,087	0	0	178,087	178,087	0	0
			<u>\$ 184,356</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 184,356</u>	<u>\$ 179,901</u>	<u>\$ 0</u>	<u>\$ 4,455</u>
MiConnect Connectivity Project	21.019	2021	\$ 15,194	\$ 0	\$ 0	\$ 15,194	\$ 15,194	\$ 0	\$ 0
Total U.S. Department of Treasury			<u>\$ 199,550</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 199,550</u>	<u>\$ 195,095</u>	<u>\$ 0</u>	<u>\$ 4,455</u>

CAMDEN-FRONTIER SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor Pass-Through Grantor Program Title - Grant Number	Federal CFDA Number	Pass-through Grantor's Number	Award Amount	(Deferred) Revenue 7/1/2020	Accrued or (Memo Only) Prior Year Expenditures	Current Year Receipts	Current Year Expenditures	Adjustments and Transfers	Accrued (Deferred) Revenue 6/30/2021
U.S. Department of Education:									
Passed through Michigan Department of Education:									
Title I Part A	84.010	201530/1920	\$ 257,156	\$ 70,077	\$ 206,144	\$ 77,295	\$ 7,218	\$ 0	\$ 0
		211530/2021	353,317	0	0	110,687	306,082	0	195,395
			<u>\$ 610,473</u>	<u>\$ 70,077</u>	<u>\$ 206,144</u>	<u>\$ 187,982</u>	<u>\$ 313,300</u>	<u>\$ 0</u>	<u>\$ 195,395</u>
Title V Part B - Rural Education	84.358	200660/2021	\$ 9,347	\$ 0	\$ 0	\$ 2,519	\$ 4,538	\$ 0	\$ 2,019
Title V Small Rural School Achievement	84.358	S-358A194206	\$ 5,680	\$ 0	\$ 0	\$ 0	\$ 1,922	\$ 0	\$ 1,922
Education Stabilization Fund									
GEER Funds - K-12	84.425C	201200/2021	\$ 31,528	\$ 0	\$ 0	\$ 0	\$ 29,163	\$ 0	\$ 29,163
ESSER I - Formula	84.425D	203710/1920	207,780	0	0	0	201,064	0	201,064
ESSER II Funds - Formula	84.425D	213712/2021	1,035,037	0	0	0	176,358	0	176,358
			<u>\$ 1,274,345</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 406,585</u>	<u>\$ 0</u>	<u>\$ 406,585</u>
Title II Part A – Supporting Effective Instruction	84.367	200520/1920	\$ 45,418	\$ 11,104	\$ 27,893	\$ 11,104	\$ 0	\$ 0	\$ 0
		210520/2021	60,186	0	0	37,759	41,200	0	3,441
			<u>\$ 105,604</u>	<u>\$ 11,104</u>	<u>\$ 27,893</u>	<u>\$ 48,863</u>	<u>\$ 41,200</u>	<u>\$ 0</u>	<u>\$ 3,441</u>
Title IV Part A - Student Support & Academic Enrichment	84.424	200750/1920	\$ 19,298	\$ 5,447	\$ 9,515	\$ 5,447	\$ 0	\$ 0	\$ 0
		210750/2021	28,179	0	0	19,925	21,859	0	1,934
			<u>\$ 47,477</u>	<u>\$ 5,447</u>	<u>\$ 9,515</u>	<u>\$ 25,372</u>	<u>\$ 21,859</u>	<u>\$ 0</u>	<u>\$ 1,934</u>
Passed through Hillsdale County Intermediate School District:									
Medical Assistance Program	93.778		\$ 1,367	\$ 0	\$ 0	\$ 593	\$ 1,367	\$ 0	\$ 774
Total U.S. Department of Education			<u>\$ 2,054,293</u>	<u>\$ 86,628</u>	<u>\$ 243,552</u>	<u>\$ 265,329</u>	<u>\$ 790,771</u>	<u>\$ 0</u>	<u>\$ 612,070</u>
Total Federal Financial Assistance			<u>\$ 2,834,557</u>	<u>\$ 53,129</u>	<u>\$ 347,555</u>	<u>\$ 908,091</u>	<u>\$ 1,462,577</u>	<u>\$ 0</u>	<u>\$ 616,525</u>

NOTES:

1. This schedule includes the federal grant activity of Camden-Frontier Community School and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and reconciles with the amounts presented in the financial statements.
2. Management has utilized the Grants Section Auditors Report (Form R7120) and CMS Grant Auditor Report (GAR) in preparing this schedule.
3. The amounts reported on the Recipient Entitlement Balance Report agree with this schedule for USDA donated food commodities.
4. The Child Nutrition Cluster (CFDA #10.555 and 10.559) and ESSER I were audited as major programs, representing 46.3% of total Federal expenditures.
5. Camden-Frontier School has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

CAMDEN-FRONTIER SCHOOL
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 JUNE 30, 2021

Financial Statements

Type of auditor's report issued:	Unmodified			
Internal control over financial reporting:				
Material weakness(es) identified?	_____	Yes	_____ X _____	No
Significant deficiency(ies) identified?	_____ X _____	Yes	_____	No
Noncompliance material to financial statements noted?	_____	Yes	_____ X _____	No

Federal Awards

Internal control over major programs:				
Material weakness(es) identified?	_____	Yes	_____ X _____	No
Significant deficiency(ies) identified?	_____ X _____	Yes	_____	No
Type of auditor's report issues on compliance for major programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with 2CFR Section 200.516(a)?	_____	Yes	_____ X _____	No

Major Programs

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.555 and 10.559	Child Nutrition Cluster
84.425D	ESSER I - Formula
Dollar threshold to distinguish between Type A and Type B programs:	\$750,000
Auditee qualifies as low-risk auditee?	_____ Yes _____ X _____ No

SECTION II – FINANCIAL STATEMENT FINDINGS

2021-001

Type of finding: Noncompliance, expenditures in excess of budget

Criteria: State law indicates that a deviation from the original appropriations act [budget] shall not be made without amending the general appropriations act.

Condition: During the year the District incurred expenditures which were in excess of the amounts appropriated.

Cause: The final budget amendments did not provide for all deviations from the original budget.

Effect: The District is not in compliance with State law.

Recommendation: The District should continue to closely monitor the budget and make adjustments when necessary.

View of Responsible Officials: The District will continue to monitor the budgets as needed and make adjustments when necessary.

CAMDEN-FRONTIER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2021-002

Federal agency: U.S. Department of Agriculture

Federal program title: U.S.D.A. Commodities, Summer Food Service Program

CFDA Number: 10.555 and 10.559

Pass-Through Agency: Michigan Department of Education

Type of Finding: Significant Deficiency in Internal Control over Compliance

Criteria: Per 2 CFR section 200.212 and 200.318(h); 2 CFE section 180.300; 48 CFR section 52-209-6, the District must have procedures in place for verifying that an entity with which it plans to enter into a “covered transaction” (transactions that are expected to equal or exceed \$25,000 in expenditures of Federal funds) is not debarred, suspended, or otherwise excluded by the Federal government.

Condition: The District did not verify covered transactions in the Food Service Fund to ensure that the vendor(s) were not debarred, suspended, or otherwise excluded.

Questioned costs: None

Cause: Internal controls failed to operate effectively to ensure verification of vendors through the Federal government’s System for Award Management Exclusions (SAM)

Effect: The District has a risk of noncompliance with the requirements of the program.

Recommendation: The District should review its policies and procedures and implement a process to identify purchases of \$25,000 or more with any Federal program and verify the vendor by checking SAM.

View of responsible officials: We agree with the recommendation and will implement the proper procedures immediately.

2021-003

Federal agency: U.S. Department of Agriculture

Federal program title: U.S.D.A. Commodities, Summer Food Service Program

CFDA Number: 10.555 and 10.559

Pass-Through Agency: Michigan Department of Education

Type of Finding: Significant Deficiency in Internal Control over Compliance

Criteria: Per 7 CFR section 200.219 (a)(2), the fund equity of the District’s food service program should not exceed 3 months’ average expenditures.

Condition: The District ended the fiscal year with fund equity in excess of 3 months’ average expenditures.

Questioned costs: None

Cause: There are no internal controls in place to ensure compliance with the fund equity requirement.

Effect: The District has a risk of noncompliance with the requirements of the program.

Recommendation: The District should review its policies and procedures and implement a process to periodically review the fund equity of the food service program and make spending adjustments as needed.

View of responsible officials: We agree with the recommendation and will implement the proper procedures immediately.

CAMDEN-FRONTIER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021

2021-004

Federal agency: U.S. Department of Agriculture

Federal program title: U.S.D.A. Commodities, Summer Food Service Program

CFDA Number: 10.555 and 10.559

Pass-Through Agency: Michigan Department of Education

Type of Finding: Significant Deficiency in Internal Control over Compliance

Criteria: Per 2 CFR section 200.320(a)(2), the District must obtain price or rate quotations from an adequate number of qualified sources for the acquisition of property or services over \$10,000.

Condition: The District failed to obtain rate or price quotations for student milk.

Questioned costs: None

Cause: Internal controls failed to operate effectively to ensure compliance with procurement requirements.

Effect: The District failed to meet the compliance requirements of the program.

Recommendation: The District should review its policies and procedures and implement a process to ensure that procurement procedures are followed.

View of responsible officials: We agree with the recommendation and will implement the proper procedures immediately.

2021-005

Federal agency: U.S. Department of Education

Federal program title: ESSER I - Formula

CFDA Number: 84.425D

Pass-Through Agency: Michigan Department of Education

Type of Finding: Significant Deficiency in Internal Control over Compliance

Criteria: Per Section 18005(a) of the CARES Act, a District who receives ESSER I funding must offer related equitable services to students and teachers in non-public schools in the same manner as provided under section 1117 (Title I, Part A) of the Elementary and Secondary Education Act of 1965 (ESEA).

Condition: There was no documentation that the District had communicated with area non-public schools regarding the availability of ESSER funding.

Questioned costs: None

Cause: Internal controls failed to operate effectively to ensure compliance with participation of non-public schools.

Effect: The District failed to meet the compliance requirements of the program.

Recommendation: The District should review its policies and procedures and implement a process to ensure that the proper communication is made with area non-public schools.

View of responsible officials: We agree with the recommendation and will implement the proper procedures immediately.

SECTION IV – SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

Not applicable – an audit in accordance with the Uniform Guidance was not required last year.



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

To the Board of Education
Camden-Frontier School
Camden, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Camden-Frontier School as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Camden-Frontier School's basic financial statements, and have issued our report thereon dated October 27, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Camden-Frontier School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses (Finding 2021-001).

Camden-Frontier School's Response to Findings

Camden-Frontier School's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. Camden-Frontier School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Bailey, Hodshire & Company, P.C.

Jonesville, Michigan
October 27, 2021

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

To the Board of Education
Camden-Frontier School
Camden, Michigan

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Camden-Frontier School's compliance.

Opinion on Each Major Federal Program

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

Board of Education
Camden-Frontier School

Report On Internal Control Over Compliance

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

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as items 2002-002 through 2002-005, that we consider to be significant deficiencies.

Camden-Frontier School's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Camden-Frontier School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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

Bailey, Hodshire & Company, P.C.

Jonesville, Michigan
October 27, 2021