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Clarenceville School District of Oakland and  
Wayne Counties

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**Financial Report  
with Supplemental Information  
June 30, 2021**

# Clarenceville School District of Oakland and Wayne Counties

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## Contents

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<b>Independent Auditor's Report</b>	1-2
<b>Management's Discussion and Analysis</b>	3-7
<b>Basic Financial Statements</b>	
Government-wide Financial Statements:	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	10
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	11
Statement of Revenue, Expenditures, and Changes in Fund Balances	12
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities	13
Notes to Financial Statements	14-29
<b>Required Supplemental Information</b>	30
Budgetary Comparison Schedule - General Fund	31
Schedule of Proportionate Share of the Net Pension Liability	32
Schedule of Proportionate Share of the Net OPEB Liability	33
Schedule of Pension Contributions	34
Schedule of OPEB Contributions	35
Notes to Required Supplemental Information	36
<b>Other Supplemental Information</b>	37
Nonmajor Governmental Funds:	
Combining Balance Sheet	38
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	39
<b>Federal Awards Supplemental Information</b>	Issued Under Separate Cover

## **Independent Auditor's Report**

To the Board of Education  
Clarenceville School District of Oakland  
and Wayne Counties

### **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 Clarenceville School District of Oakland and Wayne Counties (the "School District") as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise Clarenceville School District of Oakland and Wayne Counties' 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 Clarenceville School District of Oakland and Wayne Counties as of June 30, 2021 and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Education  
Clarenceville School District of Oakland  
and Wayne Counties

**Required Supplemental Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 supplemental 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 Supplemental Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clarenceville School District of Oakland and Wayne Counties' basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2021 on our consideration of Clarenceville School District of Oakland and Wayne Counties' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's 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 Clarenceville School District of Oakland and Wayne Counties' internal control over financial reporting and compliance.



October 18, 2021

# Clarenceville School District of Oakland and Wayne Counties

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## Management's Discussion and Analysis

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This section of Clarenceville School District of Oakland and Wayne Counties' (the "School District") annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2021. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

### ***Using This Annual Report***

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand Clarenceville School District of Oakland and Wayne Counties financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term and what remains for future spending. The fund financial statements look at 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, the General Fund and Sinking Fund, with all other funds presented in one column as nonmajor funds. This report is composed of the following elements:

#### **Management's Discussion and Analysis (MD&A) (Required Supplemental Information)**

##### **Basic Financial Statements**

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

##### **Required Supplemental Information**

Budgetary Information for Major Fund

Schedule of Proportionate Share of the Net Pension Liability

Schedule of Proportionate Share of the Net OPEB Liability

Schedule of Pension Contributions

Schedule of OPEB Contributions

##### **Other Supplemental Information**

### ***Reporting the School District as a Whole - Government-wide Financial Statements***

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

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

# Clarenceville School District of Oakland and Wayne Counties

## Management's Discussion and Analysis (Continued)

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

### **Reporting the School District's Fund Financial Statements**

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

### **Governmental Funds**

Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps 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 a reconciliation.

### **The School District as a Whole**

Recall that the statement of net position provides the perspective of the School District as a whole. The following table provides a summary of the School District's net position as of June 30, 2021 and 2020:

	Governmental Activities	
	2021	2020
	(in millions)	
<b>Assets</b>		
Current and other assets	\$ 14.7	\$ 11.8
Capital assets	13.9	14.1
Total assets	28.6	25.9
<b>Deferred Outflows of Resources</b>	11.1	13.1
<b>Liabilities</b>		
Current liabilities	3.6	3.6
Noncurrent liabilities	0.5	0.4
Net pension liability	40.7	39.4
Net OPEB liability	6.3	8.5
Total liabilities	51.1	51.9
<b>Deferred Inflows of Resources</b>	7.4	7.6
<b>Net Position (Deficit)</b>		
Net investment in capital assets	13.9	14.1
Restricted	3.0	2.1
Unrestricted	(35.7)	(36.7)
Total net position (deficit)	<b>\$ (18.8)</b>	<b>\$ (20.5)</b>

# Clarenceville School District of Oakland and Wayne Counties

## Management's Discussion and Analysis (Continued)

The above analysis focuses on net position. The change in net position of the School District's governmental activities is discussed below. The School District's net position was a deficit of \$(18.8) million at June 30, 2021. Net investment in capital assets totaling \$13.9 million compares the original cost, less depreciation of the School District's capital assets. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use that net position for day-to-day operations. The remaining amount of net position, \$(35.7) million, was unrestricted.

The \$(35.7) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations and the impact from adoption of GASB Statement Nos. 68 and 75 (recording the School District's share of the net pension and OPEB liabilities from the state-managed retirement system). Unrestricted net position, when available, would enable the School District to meet working capital and cash flow requirements and provide for future uncertainties. The operating results of the General Fund and the change in the net pension/OPEB liabilities will have significant impacts on the change in unrestricted net position from year to year.

The results of this year's operations for the School District as a whole are reported in the condensed statement of activities below, which shows the changes in net position for the years ended June 30, 2021 and 2020:

	Governmental Activities	
	2021	2020
	(in millions)	
<b>Revenue</b>		
Program revenue:		
Charges for services	\$ 0.2	\$ 0.6
Operating grants	8.4	7.0
General revenue:		
Taxes	3.9	3.8
State aid not restricted to specific purposes	12.8	12.3
Other	0.4	0.4
Total revenue	25.7	24.1
<b>Expenses</b>		
Instruction	13.6	14.1
Support services	7.7	7.5
Athletics	0.3	0.3
Food services	0.9	1.0
Community services	0.2	0.4
Depreciation expense (unallocated)	1.3	1.2
Total expenses	24.0	24.5
<b>Change in Net Position</b>	1.7	(0.4)
<b>Net Position (Deficit) - Beginning of year</b>	(20.5)	(20.1)
<b>Net Position (Deficit) - End of year</b>	<b><u>\$ (18.8)</u></b>	<b><u>\$ (20.5)</u></b>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$24.0 million. Certain activities were partially funded from those who benefited from the programs (\$0.2 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$8.4 million). We paid for the remaining public benefit portion of our governmental activities with \$3.9 million in taxes, \$12.8 million in state foundation allowance, and other revenue (i.e., interest and general entitlements).

The School District experienced an increase in net position of \$1.7 million. Key reasons for the change in net position were the ongoing operations of the School District and activity in the Sinking Fund.

## Clarenceville School District of Oakland and Wayne Counties

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### Management's Discussion and Analysis (Continued)

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

#### ***The School District's Funds***

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

As the School District completed this year, the governmental funds reported a combined fund balance of \$11.0 million, which is an increase of \$2.9 million from last year.

The fund balance of the Sinking Fund increased by \$0.9 million, as the School District completed smaller projects during the year. At the end of the year, a project to renovate/expand Grandview Elementary School's parking lot began and will be completed by start of the 2021-2022 school year. The vast majority of the project's \$1.50 million cost will occur in 2021-2022.

In the General Fund, our principal operating fund, the fund balance increased \$1.9 million to \$6.6 million. The majority of the increase is the result of the School District receiving a slight increase in State Aid rather than a \$650 per pupil reduction, as originally budgeted. In addition, enrollment was 51 students higher than budgeted and expenditures were less due to the ongoing COVID-19 pandemic. The General Fund's fund balance is available to fund costs related to allowable school operating purposes

Within our special revenue funds, the Food Service Fund balance decreased by approximately \$44,000, while the Community Services Fund and Student/School Activity Fund decreased by approximately \$77,000 and \$3,000, respectively.

The fund balance in the Capital Projects Fund increased by approximately \$233,000.

#### ***Budgetary Highlights***

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenue and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted in June 2021. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements.

There were significant revisions made to the 2020-2021 original budget. Budgeted revenue was increased \$3.2 million due to student enrollment being 51 students higher than budgeted, a slight increase in State Aid rather than a \$650 per pupil reduction, and the budgeting of over \$1.4 million in federal grant funding related to the COVID-19 pandemic.

Budgeted expenditures were also increased by approximately \$484,000 during the year. A like amount of federal grant expenditures was budgeted to offset the increase in federal grant revenue related to the COVID-19 pandemic. This was offset by an approximate \$1.0 million decrease in expenditures due to the impact of the pandemic on the School District's operations.

Actual revenue was approximately \$639,000 less than budgeted due to federal grant funding and State Aid At-Risk funding being less than budgeted.

Actual expenditures were approximately \$1.19 million lower than budgeted due to federal grant and At-Risk spending being less than budgeted, as well as the impact of reduced spending resulting from the COVID-19 pandemic closure.



# Clarenceville School District of Oakland and Wayne Counties

## Management's Discussion and Analysis (Continued)

### **Capital Assets and Debt Administration**

#### **Capital Assets**

As of June 30, 2021, the School District had \$13.9 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This amount represents a net decrease (including additions, disposals, and depreciation) of approximately \$0.2 million, or 1.4 percent, from last year.

	<u>2021</u>	<u>2020</u>
Land	\$ 1,106,646	\$ 1,106,646
Construction in progress	382,952	34,810
Buildings and improvements	11,134,434	12,100,383
Furniture and equipment	1,233,626	853,685
Buses and other vehicles	62,819	23,903
	<u>\$ 13,920,477</u>	<u>\$ 14,119,427</u>

Total capital assets - Net of accumulated depreciation

This year's additions of \$1.0 million, before the impact of depreciation, included technology purchases and high school restroom renovations. We present more detailed information about our capital assets in the notes to the financial statements.

#### **Debt**

At the end of this year, the School District had no bonded debt.

Other obligations include accrued vacation pay and sick leave. We present more detailed information about our long-term liabilities in the notes to the financial statements.

#### **Economic Factors and Next Year's Budgets and Rates**

Our elected officials and administration consider many factors when setting the School District's 2021-2022 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The 2021-2022 budget was adopted in June 2021 based on an estimate of students who will enroll in September 2021. Approximately 70.0 percent of total General Fund revenue is from the foundation allowance. Under state law, the School District cannot access additional property tax revenue for general operations. As a result, school funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2021-2022 school year, we anticipate that the fall student count will be slightly higher than the estimates used in creating the 2021-2022 budget. Once the final student count and related per pupil funding are validated, state law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations.

Since the School District's revenue is heavily dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenue to fund its appropriation to the School District. The State periodically holds a Revenue Estimating Conference to estimate revenue. Based on the results of the most recent conference, the State estimates funds are sufficient to fund the appropriation, including a foundation allowance of \$8,700

During 2021, the School District settled a labor contract with the Clarenceville Education Association. The financial impact on operations is estimated by the School District to be \$600,000.

#### **Contacting the School District's Management**

This financial report is intended to provide our taxpayers, parents, and investors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the business office.

# Clarenceville School District of Oakland and Wayne Counties

## Statement of Net Position

June 30, 2021

	Governmental Activities
<b>Assets</b>	
Cash and investments (Note 4)	\$ 7,823,823
Receivables:	
Other receivables	23,779
Due from other governments	3,693,498
Inventory	4,920
Prepaid expenses and other assets	111,064
Restricted assets	3,039,875
Capital assets - Net (Note 6)	13,920,477
Total assets	28,617,436
<b>Deferred Outflows of Resources</b>	
Deferred pension costs (Note 10)	8,344,150
Deferred OPEB costs (Note 10)	2,787,646
Total deferred outflows of resources	11,131,796
<b>Liabilities</b>	
Accounts payable	268,384
Due to other governmental units	344,150
Accrued payroll-related liabilities	2,078,095
Unearned revenue (Note 5)	968,496
Noncurrent liabilities:	
Due within one year (Note 8)	86,917
Due in more than one year (Note 8)	424,394
Net pension liability (Note 10)	40,692,979
Net OPEB liability (Note 10)	6,295,148
Total liabilities	51,158,563
<b>Deferred Inflows of Resources</b>	
Revenue in support of pension contributions made subsequent to the measurement date (Note 10)	1,530,143
Deferred pension cost reductions (Note 10)	853,259
Deferred OPEB cost reductions (Note 10)	4,986,259
Total deferred inflows of resources	7,369,661
<b>Net Position (Deficit)</b>	
Net investment in capital assets	13,920,477
Restricted - Capital projects	3,037,687
Unrestricted	(35,737,156)
Total net position (deficit)	<u><u>\$ (18,778,992)</u></u>

# Clarenceville School District of Oakland and Wayne Counties

## Statement of Activities

Year Ended June 30, 2021

Functions/Programs	Program Revenue			Governmental
	Expenses	Charges for Services	Operating Grants and Contributions	Activities
				Net (Expense) Revenue and Change in Net Position
Primary government - Governmental activities:				
Instruction	\$ 13,637,073	\$ 5,750	\$ 3,589,408	\$ (10,041,915)
Support services	7,729,365	-	3,933,342	(3,796,023)
Athletics	274,880	12,065	-	(262,815)
Food services	894,919	-	867,885	(27,034)
Community services	161,879	158,108	-	(3,771)
Depreciation expense (unallocated)	1,280,692	-	-	(1,280,692)
Total primary government	<b>\$ 23,978,808</b>	<b>\$ 175,923</b>	<b>\$ 8,390,635</b>	(15,412,250)
General revenue:				
Taxes:				
Property taxes levied for general purposes				2,505,707
Property taxes levied for sinking fund				1,408,049
State aid not restricted to specific purposes				12,781,613
Interest and investment earnings				6,886
Other				404,111
Total general revenue				<u>17,106,366</u>
<b>Change in Net Position</b>				1,694,116
<b>Net Position (Deficit) - Beginning of year</b>				<u>(20,473,108)</u>
<b>Net Position (Deficit) - End of year</b>				<b><u>\$ (18,778,992)</u></b>

# Clarenceville School District of Oakland and Wayne Counties

## Governmental Funds Balance Sheet

June 30, 2021

	General Fund	Sinking Fund	Nonmajor Funds	Total Governmental Funds
<b>Assets</b>				
Cash and investments (Note 4)	\$ 6,619,356	\$ -	\$ 1,204,467	\$ 7,823,823
Receivables:				
Other receivables	12,852	-	10,927	23,779
Due from other governments	3,477,077	46,627	169,794	3,693,498
Due from other funds (Note 7)	5,062	-	-	5,062
Inventory	-	-	4,920	4,920
Prepaid costs	51,373	-	59,691	111,064
Restricted assets	-	3,039,875	-	3,039,875
	<u>\$ 10,165,720</u>	<u>\$ 3,086,502</u>	<u>\$ 1,449,799</u>	<u>\$ 14,702,021</u>
Total assets				
<b>Liabilities</b>				
Accounts payable	\$ 152,567	\$ 48,815	\$ 67,002	\$ 268,384
Due to other governmental units	342,798	-	1,352	344,150
Due to other funds (Note 7)	-	-	5,062	5,062
Accrued payroll-related liabilities	2,065,015	-	13,080	2,078,095
Unearned revenue (Note 5)	966,694	-	1,802	968,496
	<u>3,527,074</u>	<u>48,815</u>	<u>88,298</u>	<u>3,664,187</u>
Total liabilities				
<b>Deferred Inflows of Resources - Unavailable revenue (Note 5)</b>				
	<u>10,555</u>	<u>-</u>	<u>-</u>	<u>10,555</u>
Total liabilities and deferred inflows of resources				
	<u>3,537,629</u>	<u>48,815</u>	<u>88,298</u>	<u>3,674,742</u>
<b>Fund Balances</b>				
Nonspendable:				
Inventory	-	-	4,920	4,920
Prepays	51,373	-	59,691	111,064
Restricted:				
Capital projects	-	3,037,687	-	3,037,687
Food service	-	-	176,321	176,321
Committed:				
Capital projects	-	-	723,018	723,018
Community service	-	-	285,583	285,583
Student/School activities	-	-	111,968	111,968
Assigned - Budget use of fund balance in subsequent year	745,789	-	-	745,789
Unassigned	5,830,929	-	-	5,830,929
	<u>6,628,091</u>	<u>3,037,687</u>	<u>1,361,501</u>	<u>11,027,279</u>
Total fund balances				
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,165,720</u>	<u>\$ 3,086,502</u>	<u>\$ 1,449,799</u>	<u>\$ 14,702,021</u>

# Clarenceville School District of Oakland and Wayne Counties

## Governmental Funds Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

June 30, 2021

<b>Fund Balances Reported in Governmental Funds</b>	\$ 11,027,279
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 are not reported in the funds:	
Cost of capital assets	34,775,727
Accumulated depreciation	<u>(20,855,250)</u>
Net capital assets used in governmental activities	13,920,477
Grants and other receivables that are collected after year end, such that they are not available to pay bills outstanding as of year end, are not recognized in the funds	10,555
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(511,311)
Net pension liability and related deferred inflows and outflows	(33,202,088)
Net OPEB liability and related deferred inflows and outflows	(8,493,761)
Revenue in support of pension contributions made subsequent to the measurement date is reported as a deferred inflow of resources in the statement of net position and is not reported in the funds	<u>(1,530,143)</u>
<b>Net Position (Deficit) of Governmental Activities</b>	<b><u>\$ (18,778,992)</u></b>

# Clarenceville School District of Oakland and Wayne Counties

## Governmental Funds

### Statement of Revenue, Expenditures, and Changes in Fund Balances

**Year Ended June 30, 2021**

	General Fund	Sinking Fund	Nonmajor Funds	Total Governmental Funds
<b>Revenue</b>				
Local sources	\$ 2,841,352	\$ 1,408,105	\$ 239,201	\$ 4,488,658
State sources	16,889,051	37,189	39,351	16,965,591
Federal sources	2,133,661	-	931,334	3,064,995
Interdistrict sources	1,364,331	-	-	1,364,331
Total revenue	23,228,395	1,445,294	1,209,886	25,883,575
<b>Expenditures</b>				
Current:				
Instruction	13,077,700	-	-	13,077,700
Support services	7,278,900	19,933	82,614	7,381,447
Athletics	268,758	-	-	268,758
Food services	-	-	886,023	886,023
Community services	5,011	-	151,000	156,011
Capital outlay	511,081	513,983	172,026	1,197,090
Total expenditures	21,141,450	533,916	1,291,663	22,967,029
<b>Excess of Revenue Over (Under)</b>				
<b>Expenditures</b>	2,086,945	911,378	(81,777)	2,916,546
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	12,018	-	-	12,018
Transfers in (Note 7)	34,896	-	325,000	359,896
Transfers out (Note 7)	(225,000)	-	(134,896)	(359,896)
Total other financing (uses) sources	(178,086)	-	190,104	12,018
<b>Net Change in Fund Balances</b>	1,908,859	911,378	108,327	2,928,564
<b>Fund Balances - Beginning of year</b>	4,719,232	2,126,309	1,253,174	8,098,715
<b>Fund Balances - End of year</b>	<b>\$ 6,628,091</b>	<b>\$ 3,037,687</b>	<b>\$ 1,361,501</b>	<b>\$ 11,027,279</b>

# Clarenceville School District of Oakland and Wayne Counties

## Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities

Year Ended June 30, 2021

<b>Net Change in Fund Balances Reported in Governmental Funds</b>	<b>\$ 2,928,564</b>
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, these costs are allocated over their estimated useful lives as depreciation:	
Capitalized capital outlay	1,081,742
Depreciation expense	(1,280,692)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	10,555
Revenue in support of pension contributions made subsequent to the measurement date	(233,224)
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	(812,829)
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 1,694,116</u></b>

June 30, 2021

### Note 1 - Nature of Business

Clarenceville School District of Oakland and Wayne Counties (the "School District") is a school district in the state of Michigan that provides educational services to students.

### Note 2 - Significant Accounting Policies

#### *Accounting and Reporting Principles*

The School District follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board. The following is a summary of the significant accounting policies used by the School District:

#### *Reporting Entity*

The School District is governed by an elected seven-member Board of Education. In accordance with government accounting principles, there are no separate legal entities appropriate to be reported within these financial statements.

#### *Report Presentation*

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units, as applicable. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. 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. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements.

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



June 30, 2021

### Note 2 - Significant Accounting Policies (Continued)

#### ***Fund Accounting***

The School District accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the School District to show the particular expenditures for which specific revenue is used. The various funds are aggregated into three broad fund types:

#### **Governmental Funds**

Governmental funds include all activities that provide general governmental services that are not business-type activities. Governmental funds can include the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The School District reports the following funds as major governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Sinking Fund records capital projects activities funded with the Sinking Fund millage.

Additionally, the School District reports the following nonmajor governmental fund types:

- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The School District's special revenue funds are the Food Service, Community Service, and the Student/School Activity funds. Revenue sources for the Food Service Fund include sales to customers and dedicated grants from federal sources. Revenue sources for the Community Service Fund include revenue for operating child care programs. Revenue sources for the Student Activity Fund include fundraising revenue and donations earned and received by student groups. Any operating deficit generated by these activities is the responsibility of the General Fund.
- Capital projects funds are used to record bond proceeds, property tax revenue, or other revenue and the disbursement of invoices specifically designated for acquiring new school sites, buildings, equipment, and technology upgrades and for remodeling and repairs. The funds operate until the purpose for which they were created is accomplished.

#### **Interfund Activity**

During the course of operations, the School District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

#### ***Basis of Accounting***

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the School District has spent its resources.

Note 2 - Significant Accounting Policies (Continued)

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the School District considers amounts collected within 60 days of year end to be available for recognition. Revenue not meeting this definition is classified as a deferred inflow of resources.

Specific Balances and Transactions

Cash and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value except for investments in external investment pools, which are valued at amortized cost. Investment income is recorded in the fund for which the investment account was established.

Inventories and Prepaid Items

Inventories are valued at cost, on a first-in, first-out basis. Inventories accounted for using the purchase method are recorded as expenditures when purchased and include all inventories of governmental funds other than commodities within the Food Service Fund. Inventories accounted for using the consumption method are recorded as expenditures when consumed rather than when purchased and include commodities within the Food Service Fund. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements, when applicable.

Restricted Assets

The following amounts are reported as restricted assets:

- Unspent property taxes levied and held in the Sinking Fund required to be set aside for construction or allowable purchases

Capital Assets

Capital assets are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

Table with 2 columns: Asset Category and Depreciable Life - Years. Rows include Buildings and improvements (20 - 50), Furniture and equipment (5 - 10), and Buses and other vehicles (5 - 10).

**Note 2 - Significant Accounting Policies (Continued)**

**Long-term Obligations**

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the lives of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances and premiums as other financing sources and bond discounts as other financing uses. The General Fund is generally used to liquidate governmental long-term debt.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then.

The School District reports deferred outflows related to pension and OPEB plan costs.

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

The School District reports deferred inflows related to revenue in support of pension contributions made subsequent to the measurement date and deferred pension and OPEB plan cost reductions. The School District also reports deferred inflows relating to unavailable revenue, which is money that has not been received within the period of availability.

**Net Position**

Net position of the School District is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

**Net Position Flow Assumption**

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

**Note 2 - Significant Accounting Policies (Continued)**

**Fund Balance Flow Assumptions**

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

**Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. The School District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

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

**Property Tax Revenue**

Properties are assessed as of December 31, and the related property taxes become a lien on July 1 of the following year. These taxes are fully billed on July 1. Tax collections are forwarded to the School District, as collected by the assessing municipalities through March 1, at which time they are considered delinquent and added to county tax rolls. Any delinquent taxes collected by the county are remitted to the School District by June 30. The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

The School District receives reduced property tax revenue as a result of industrial facilities tax exemptions (PA 198 of 1974) and brownfield tax credits granted by cities, villages, and townships within the boundaries of the School District. The effect of the reduced property tax revenue on the School District is nominal.

**Note 2 - Significant Accounting Policies (Continued)**

**Grants and Contributions**

The School District receives federal, state, and local grants, as well as contributions from individuals and private organizations. Revenue from grants and contributions (including contributions of capital assets) is recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenue. Amounts restricted to capital acquisitions are reported after nonoperating revenue and expenses.

**Pension and Other Postemployment Benefit (OPEB) Plans**

For the purpose of measuring the net pension and net OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to each plan, and pension and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. MPERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expenses when due and payable in accordance with the plan benefit terms. Related plan investments are reported at fair value.

**Compensated Absences (Vacation and Sick Leave)**

It is the School District's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Sick pay is accrued for the estimated amount that the School District will pay upon employment termination; vacation pay is accrued when incurred. Both of these are reported in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. Generally, the funds that report each employee's compensation are used to liquidate the obligations.

**Use of Estimates**

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

**Upcoming Accounting Pronouncement**

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. 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. The School District is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement were originally effective for the School District's financial statements for the year ended June 30, 2021; however, the implementation date was extended to the School District's year ending June 30, 2022 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

**Note 2 - Significant Accounting Policies (Continued)**

***Subsequent Events***

The financial statements and related disclosures include evaluation of events up through and including October 18, 2021, which is the date the financial statements were available to be issued.

**Note 3 - Stewardship, Compliance, and Accountability**

***Budgetary Information***

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund and all special revenue funds. All annual appropriations lapse at fiscal year end. The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. The required supplemental information - budgetary comparison schedule is presented on the same basis of accounting used to prepare the budget, which includes certain items having classifications that differ from the statement of revenue, expenditures, and changes in fund balances. During the year, the budget was amended in a legally permissible manner. There were no significant amendments during the year.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders or contracts) are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

***Excess of Expenditures Over Appropriations in Budgeted Funds***

The School District did not have significant expenditure budget variances.

***Capital Projects Fund Compliance***

The Sinking Fund records capital project activities funded with Sinking Fund millage. For this fund, authorized prior to March 29, 2017, the School District has complied with the applicable provisions of §1212 of the State of Michigan Revised School Code.

**Note 4 - Deposits and Investments**

State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The School District is allowed to invest in U.S. Treasury or agency obligations, U.S. government repurchase agreements, bankers' acceptances, certificates of deposit, commercial paper rated prime at the time of purchase that matures no more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits and investments are in accordance with statutory authority.

The School District has designated two financial institutions for the deposit of its funds.

There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost except for the School District's investments in the Michigan Liquid Asset Fund Plus - MAX Class fund may not be redeemed for at least 14 calendar days, with the exception of direct investments of funds distributed by the State. Redemptions made prior to the applicable 14-day period are subject to a penalty equal to 15 days' interest on the amount so redeemed. There are no limitations or restrictions on participant withdrawals for the School District's other investment pools that are recorded at amortized cost.

**Note 4 - Deposits and Investments (Continued)**

The School District's cash and investments are subject to several types of risk, which are examined in more detail below:

**Custodial Credit Risk of Bank Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned to it. The School District's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level for custodial credit risk are used for the School District's deposits. At year end, the School District had bank deposits totaling \$551,238 (checking accounts) that were uninsured and uncollateralized.

**Custodial Credit Risk of Investments**

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District does not have a policy for custodial credit risk. At June 30, 2021, the School District does not have investments with custodial credit risk.

**Interest Rate Risk**

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity.

**Credit Risk**

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District has no investment policy that would further limit its investment choices. As of June 30, 2021, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Carrying Value	Rating	Rating Organization
<b>Primary Government</b>			
Money market	\$ 605,731	AAAm	S&P
Bank investment pool	<u>9,578,397</u>	AAAm	S&P
Total	<u>\$ 10,184,128</u>		

**Concentration of Credit Risk**

The School District places no limit on the amount it may invest in any one issuer. The School District does not have any investments subject to concentration of credit risk.

**Foreign Currency Risk**

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. State law and the School District's investment policy prohibit investments in foreign currency.

**Note 5 - Unavailable/Unearned Revenue**

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned.

# Clarenceville School District of Oakland and Wayne Counties

## Notes to Financial Statements

June 30, 2021

### Note 5 - Unavailable/Unearned Revenue (Continued)

At June 30, 2021, the School District had \$10,555 of unavailable revenue related to federal grant revenue not received within 60 days of year end and \$968,496 of unearned revenue related to grant and categorical aid payments received prior to meeting all eligibility requirements.

### Note 6 - Capital Assets

Capital asset activity of the School District's governmental activities was as follows:

#### Governmental Activities

	Balance July 1, 2020	Reclassifications	Additions	Disposals/ Transfers	Balance June 30, 2021
Capital assets not being depreciated:					
Land	\$ 1,106,646	\$ -	\$ -	\$ -	\$ 1,106,646
Construction in progress	34,810	(34,810)	382,952	-	382,952
Subtotal	1,141,456	(34,810)	382,952	-	1,489,598
Capital assets being depreciated:					
Buildings and building improvements	27,576,329	-	107,695	-	27,684,024
Furniture and equipment	4,897,321	34,810	549,523	-	5,481,654
Buses and other vehicles	583,852	-	41,572	(504,973)	120,451
Subtotal	33,057,502	34,810	698,790	(504,973)	33,286,129
Accumulated depreciation:					
Buildings and improvements	15,475,946	-	1,073,644	-	16,549,590
Furniture and equipment	4,043,636	-	204,392	-	4,248,028
Buses and other vehicles	559,949	-	2,656	(504,973)	57,632
Subtotal	20,079,531	-	1,280,692	(504,973)	20,855,250
Net capital assets being depreciated	12,977,971	34,810	(581,902)	-	12,430,879
Net capital assets	\$ 14,119,427	\$ -	\$ (198,950)	\$ -	\$ 13,920,477

Depreciation expense was not charged to activities, as the School District's assets benefit multiple activities and allocation is not practical.



June 30, 2021

**Note 6 - Capital Assets (Continued)**

**Construction Commitments**

The School District has active construction projects as of June 30, 2021 related to various school improvements. The remaining costs of the projects will be financed with proceeds collected from the Sinking Fund millage. At year end, the School District has spent \$87,448 on contracts that were open at June 30, 2021, with approximately \$1,548,268 remaining to be completed.

**Note 7 - Interfund Receivables, Payables, and Transfers**

Interfund balances consist of \$5,062 due from the Student/School Activity Fund to the General Fund.

Interfund balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made. At June 30, 2021, the Student/School Activity Fund owed the General Fund for costs paid on behalf of the fund for reimbursement.

Interfund transfers reported in the fund financial statements are composed of the following:

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
Nonmajor governmental funds	General Fund	\$ 34,896
	Nonmajor governmental funds	100,000
General Fund	Nonmajor governmental funds	225,000

Transfers from the General Fund and Community Service Fund provided funding for various capital projects. Funds from the Food Service Fund were transferred to the General Fund to cover excess costs related to operations of the fund for the purpose for which it was created.

**Note 8 - Long-term Debt**

Long-term debt activity for the year ended June 30, 2021 can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Compensated absences	\$ 475,823	\$ 86,290	\$ (50,802)	\$ 511,311	\$ 86,917

**Note 9 - Risk Management**

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District has purchased commercial insurance for medical claims and participates in the MAISL shared-risk pool for claims relating to property loss, torts, errors, omissions, and employee injuries. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The shared-risk pool program in which the School District participates operates as a common risk-sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

**Note 10 - Michigan Public School Employees' Retirement System**

***Plan Description***

The School District participates in the Michigan Public School Employees' Retirement System (the "System"), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School District. Certain school district employees also receive defined contribution retirement and health care benefits through the System. The System provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The System also provides postemployment health care benefits to retirees and beneficiaries who elect to receive those benefits.

The System is administered by the Office of Retirement Services (ORS). The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for the pension and postemployment health care plans. That report is available on the web at <http://www.michigan.gov/orsschools>.

***Benefits Provided***

Benefit provisions of the defined benefit (DB) pension plan and the postemployment health care 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 pension plan and the postemployment health care plan.

Depending on the plan option selected, member retirement benefits are calculated as final average compensation times years of services times a pension factor ranging from 1.25 percent to 1.50 percent. The requirements to retire range from attaining the age of 46 to 60 with years of service ranging from 5 to 30 years, depending on when the employee became a member. Early retirement is computed in the same manner as a regular pension but is permanently reduced by 0.50 percent for each full and partial month between the pension effective date and the date the member will attain age 60. There is no mandatory retirement age.

Depending on the member's date of hire, MPSERS offers the option of participating in the defined contribution (DC) plan that provides a 50 percent employer match (up to 3 percent of salary) on employee contributions.

Members are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The disability benefits plus authorized outside earnings are limited to 100 percent of the participant's final average compensation, with an increase of 2 percent each year thereafter.

Benefits may transfer to a beneficiary upon death and are determined in the same manner as retirement benefits but with an actuarial reduction.

Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent. Some members who do not receive an annual increase are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions.

MPSERS provides medical, prescription drug, dental, and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by MPSERS, with the balance deducted from the monthly pension of each retiree health care recipient. Depending on the member's date of hire, this subsidized portion ranges from 80 percent to the maximum allowed by the statute.

**Note 10 - Michigan Public School Employees' Retirement System (Continued)**

**Contributions**

Public Act 300 of 1980, as amended, required the School District to contribute amounts necessary to finance the coverage of pension benefits of active and retired members. Contribution provisions are specified by state statute and may be amended only by action of the state Legislature. Under these provisions, each school district's contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

Under the OPEB plan, retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent, or 20 percent for those not Medicare eligible, of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits. Participating employers are required to contribute at that rate.

Under Public Act 300 of 2012, members were given the choice between continuing the 3 percent contribution to the retiree health care and keeping the premium subsidy benefit described above or choosing not to pay the 3 percent 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 health care expenses in retirement. Participants in the PHF are automatically enrolled in a 2 percent employee contribution into their 457 accounts as of their transition date, earning them a 2 percent employer match into a 401(k) account. Members who selected this option stopped paying the 3 percent contribution to retiree health care as of the day before their transition date, and their prior contributions were deposited into their 401(k) accounts.

The School District's contributions are determined based on employee elections. There are multiple different pension and health care benefit options included in the plan available to employees based on date of hire and the elections available at that time. Contribution rates are adjusted annually by the ORS.

The ranges of rates are as follows:

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

Depending on the plan selected, member pension contributions range from 0 percent up to 7.0 percent of gross wages. For certain plan members, a 4 percent employer contribution to the defined contribution pension plan is required. In addition, for certain plan members, a 3 percent employer match is provided to the defined contribution pension plan.

The School District's required and actual pension contributions to the plan for the year ended June 30, 2021 were \$3,595,442, which includes the School District's contributions required for those members with a defined contribution benefit. The School District's required and actual pension contributions include an allocation of \$1,530,143 in revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate for the year ended June 30, 2021.

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2021 were \$910,213, which includes the School District's contributions required for those members with a defined contribution benefit.

**Note 10 - Michigan Public School Employees' Retirement System (Continued)**

**Net Pension Liability**

At June 30, 2021, the School District reported a liability of \$40,692,979 for its proportionate share of the 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 as of September 30, 2019, which used update procedures to roll forward the estimated liability to September 30, 2020. The School District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2020 and 2019, the School District's proportion was 0.12 and 0.12 percent, respectively, representing a change of (0.32) percent.

**Net OPEB Liability**

At June 30, 2021, the School District reported a liability of \$6,295,148 for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2021 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 as of September 30, 2019, which used update procedures to roll forward the estimated liability to September 30, 2020. The School District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2020 and 2019, the School District's proportion was 0.12 and 0.12 percent, respectively, representing a change of (0.21) percent.

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

For 2021, the School District recognized pension expense of \$5,396,929, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 621,755	\$ (86,853)
Changes in assumptions	4,509,174	-
Net difference between projected and actual earnings on pension plan investments	170,974	-
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	-	(766,406)
The School District's contributions to the plan subsequent to the measurement date	3,042,247	-
Total	<u>\$ 8,344,150</u>	<u>\$ (853,259)</u>

The \$1,530,143 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ended June 30, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2022	\$ 1,989,741
2023	1,414,463
2024	782,383
2025	262,057
Total	<u>\$ 4,448,644</u>

# Clarenceville School District of Oakland and Wayne Counties

## Notes to Financial Statements

June 30, 2021

### Note 10 - Michigan Public School Employees' Retirement System (Continued)

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year.

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

For the year ended June 30, 2021, the School District recognized OPEB recovery of \$275,241.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (4,690,473)
Changes in assumptions	2,075,635	-
Net difference between projected and actual earnings on OPEB plan investments	52,540	-
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	10,715	(295,786)
Employer contributions to the plan subsequent to the measurement date	648,756	-
Total	<u>\$ 2,787,646</u>	<u>\$ (4,986,259)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will reduce the net OPEB liability and, therefore, will not be included in future OPEB expense):

Years Ending	Amount
2022	\$ (796,995)
2023	(723,727)
2024	(576,744)
2025	(419,554)
2026	(330,349)
Total	<u>\$ (2,847,369)</u>

#### **Actuarial Assumptions**

The total pension liability and total OPEB liability as of September 30, 2020 are based on the results of an actuarial valuation as of September 30, 2019 and rolled forward. The total pension liability and OPEB liability were determined using the following actuarial assumptions:

Actuarial cost method		Entry age normal
Investment rate of return - Pension	6.00% - 6.80%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.95%	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55%	Including wage inflation of 2.75%
Health care cost trend rate - OPEB	7.0%	Year 1, graded to 3.5% in year 15, 3.0% in year 120
Mortality basis		RP-2014 Male and Female Employee Annuitant Mortality tables, scaled 100% (retirees: 82% for males and 78% for females) and adjusted for mortality improvements using projection scale MP-2017 from 2006
Cost of living pension adjustments	3.00%	Annual noncompounded for MIP members

June 30, 2021

**Note 10 - Michigan Public School Employees' Retirement System (Continued)**

Assumption changes as a result of an experience study for the periods from 2012 to 2017 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2017 valuation.

Significant assumption changes since the prior measurement date, September 30, 2019, for the OPEB plan include a reduction in the health care cost trend rate of 0.50 percentage points and the actual per person health benefit costs were lower than projected. There were no significant changes in assumptions for the pension actuarial valuation. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2019.

**Discount Rate**

The discount rate used to measure the total pension liability was 6.00 to 6.80 percent as of September 30, 2020 depending on the plan option. The discount rate used to measure the total OPEB liability was 6.95 percent as of September 30, 2020. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that district contributions will be made at statutorily required rates.

Based on those assumptions, the pension plan's fiduciary net position and the OPEB plan's fiduciary net position were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension liability and total OPEB liability.

The long-term expected rate of return on pension plan and 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 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	25.00 %	5.60 %
Private equity pools	16.00	9.30
International equity pools	15.00	7.40
Fixed-income pools	10.50	0.50
Real estate and infrastructure pools	10.00	4.90
Absolute return pools	9.00	3.20
Real return/opportunistic pools	12.50	6.60
Short-term investment pools	2.00	(0.10)
Total	100.00 %	

**Note 10 - Michigan Public School Employees' Retirement System (Continued)**

Long-term rates of return are net of administrative expense and inflation of 2.1 percent.

***Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

The following presents the net pension liability of the School District, calculated using the discount rate depending on the plan option. The following also reflects what the School District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.00 - 5.80%)	Current Discount Rate (6.00 - 6.80%)	1 Percentage Point Increase (7.00 - 7.80%)
Net pension liability of the School District	\$ 52,670,158	\$ 40,692,979	\$ 30,766,567

***Sensitivity of the Net OPEB Liability to Changes in the Discount Rate***

The following presents the net OPEB liability of the School District, calculated using the current discount rate. It also reflects what the School District's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.95%)	Current Discount Rate (6.95%)	1 Percentage Point Increase (7.95%)
Net OPEB liability of the School District	\$ 8,086,833	\$ 6,295,148	\$ 4,786,699

***Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate***

The following presents the net OPEB liability of the School District, calculated using the current health care cost trend rate. It also reflects what the School District's net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.00%)	Current Rate (7.00%)	1 Percentage Point Increase (8.00%)
Net OPEB liability of the School District	\$ 4,728,943	\$ 6,295,148	\$ 8,076,512

***Pension Plan and OPEB Plan Fiduciary Net Position***

Detailed information about the plan's fiduciary net position is available in the separately issued MPSERS financial report.

***Payable to the Pension Plan and OPEB Plan***

At June 30, 2021, the School District reported a payable of \$510,209 and \$99,484 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2021.

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## Required Supplemental Information

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# Clarenceville School District of Oakland and Wayne Counties

## Required Supplemental Information Budgetary Comparison Schedule General Fund

Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Revenue</b>				
Local sources	\$ 2,794,771	\$ 2,738,375	\$ 2,841,352	\$ 102,977
State sources	15,163,788	17,057,475	16,889,051	(168,424)
Federal sources	1,166,637	2,570,909	2,133,661	(437,248)
Interdistrict sources	1,457,760	1,500,896	1,364,331	(136,565)
Total revenue	20,582,956	23,867,655	23,228,395	(639,260)
<b>Expenditures</b>				
Current:				
Instruction:				
Basic program	10,608,583	10,478,658	10,202,277	(276,381)
Added needs	3,290,924	3,339,477	3,070,142	(269,335)
Total instruction	13,899,507	13,818,135	13,272,419	(545,716)
Support services:				
Pupil	1,433,766	1,331,245	1,328,359	(2,886)
Instructional staff	1,251,357	1,831,341	1,538,927	(292,414)
General administration	388,934	405,764	407,928	2,164
School administration	1,229,680	1,318,975	1,319,642	667
Business	461,993	465,496	470,511	5,015
Operations and maintenance	1,654,722	1,892,605	1,622,528	(270,077)
Pupil transportation services	786,858	445,558	423,086	(22,472)
Central	520,808	485,684	478,774	(6,910)
Total support services	7,728,118	8,176,668	7,589,755	(586,913)
Athletics	336,477	296,918	274,265	(22,653)
Community services	33,635	40,273	5,011	(35,262)
Total expenditures	21,997,737	22,331,994	21,141,450	(1,190,544)
<b>Excess of Revenue (Under) Over Expenditures</b>	(1,414,781)	1,535,661	2,086,945	551,284
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	-	-	12,018	12,018
Transfers in	-	-	34,896	34,896
Transfers out	(75,000)	(225,000)	(225,000)	-
Total other financing uses	(75,000)	(225,000)	(178,086)	46,914
<b>Net Change in Fund Balance</b>	(1,489,781)	1,310,661	1,908,859	598,198
<b>Fund Balance - Beginning of year</b>	4,719,232	4,719,232	4,719,232	-
<b>Fund Balance - End of year</b>	<u>\$ 3,229,451</u>	<u>\$ 6,029,893</u>	<u>\$ 6,628,091</u>	<u>\$ 598,198</u>

## Clarenceville School District of Oakland and Wayne Counties

### Required Supplemental Information Schedule of Proportionate Share of the Net Pension Liability Michigan Public School Employees' Retirement System

	<b>Last Seven Plan Years</b>						
	<b>Plan Years Ended September 30</b>						
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's proportion of the net pension liability	0.11846 %	0.11885 %	0.12129 %	0.12407 %	0.12633 %	0.12957 %	0.12983 %
School District's proportionate share of the net pension liability	\$ 40,692,979	\$ 39,358,425	\$ 36,463,043	\$ 32,152,470	\$ 31,519,140	\$ 31,648,140	\$ 28,596,053
School District's covered payroll	\$ 10,429,943	\$ 10,291,366	\$ 10,097,167	\$ 10,307,652	\$ 10,516,812	\$ 10,774,731	\$ 11,184,796
School District's proportionate share of the net pension liability as a percentage of its covered payroll	390.16 %	382.44 %	361.12 %	311.93 %	299.70 %	293.73 %	255.67 %
Plan fiduciary net position as a percentage of total pension liability	59.49 %	60.08 %	62.12 %	63.96 %	63.01 %	62.92 %	66.15 %

**Clarenceville School District of Oakland and Wayne Counties**

Required Supplemental Information  
Schedule of Proportionate Share of the Net OPEB Liability  
Michigan Public School Employees' Retirement System

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	<b>Last Four Plan Years</b>			
	<b>Plan Years Ended September 30</b>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School District's proportion of the net OPEB liability	0.11751 %	0.11776 %	0.11869 %	0.12376 %
School District's proportionate share of the net OPEB liability	\$ 6,295,148	\$ 8,452,398	\$ 9,434,342	\$ 10,959,728
School District's covered payroll	\$ 10,429,943	\$ 10,291,366	\$ 10,097,167	\$ 10,307,652
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	60.36 %	82.13 %	93.44 %	106.33 %
Plan fiduciary net position as a percentage of total OPEB liability	59.76 %	48.67 %	43.10 %	36.53 %

## Clarenceville School District of Oakland and Wayne Counties

### Required Supplemental Information Schedule of Pension Contributions Michigan Public School Employees' Retirement System

	<b>Last Seven Fiscal Years</b>						
	<b>Years Ended June 30</b>						
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 3,537,046	\$ 3,271,440	\$ 3,148,788	\$ 3,103,614	\$ 2,977,568	\$ 2,959,689	\$ 2,386,357
Contributions in relation to the statutorily required contribution	<u>3,537,046</u>	<u>3,271,440</u>	<u>3,148,788</u>	<u>3,103,614</u>	<u>2,977,568</u>	<u>2,959,689</u>	<u>2,386,357</u>
<b>Contribution Deficiency</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>
<b>School District's Covered Payroll</b>	<b>\$ 10,292,562</b>	<b>\$ 10,420,683</b>	<b>\$ 10,203,572</b>	<b>\$ 10,171,707</b>	<b>\$ 10,680,171</b>	<b>\$ 10,576,780</b>	<b>\$ 10,954,128</b>
<b>Contributions as a Percentage of Covered Payroll</b>	<b>34.37 %</b>	<b>31.39 %</b>	<b>30.86 %</b>	<b>30.51 %</b>	<b>27.88 %</b>	<b>27.98 %</b>	<b>21.79 %</b>

**Clarenceville School District of Oakland and Wayne Counties**

Required Supplemental Information  
Schedule of OPEB Contributions  
Michigan Public School Employees' Retirement System

	<b>Last Four Fiscal Years</b>			
	<b>Years Ended June 30</b>			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 856,521	\$ 837,364	\$ 801,493	\$ 734,674
Contributions in relation to the statutorily required contribution	<u>856,521</u>	<u>837,364</u>	<u>801,493</u>	<u>734,674</u>
<b>Contribution Deficiency</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>
<b>School District's Covered Payroll</b>	\$ 10,292,562	\$ 10,420,683	\$ 10,203,572	\$ 10,171,707
<b>Contributions as a Percentage of Covered Payroll</b>	8.32 %	8.04 %	7.86 %	7.22 %

# Clarenceville School District of Oakland and Wayne Counties

## Notes to Required Supplemental Information

June 30, 2021

### ***Pension Information***

Ultimately, 10 years of data will be presented in both of the pension-related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became applicable.

### **Benefit Changes**

There were no changes of benefit terms for each of the reported plan years ended September 30.

### **Changes in Assumptions**

There were no significant changes of assumptions for each of the reported plan years ended September 30 except for the following:

- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.25 percentage points.
- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.45 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017.
- 2017 - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50 percentage points.

### ***OPEB Information***

Ultimately, 10 years of data will be presented in both of the OPEB-related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became applicable.

### **Benefit Changes**

There were no changes of benefit terms for each of the reported plan years ended September 30.

### **Changes in Assumptions**

There were no significant changes of assumptions for each of the reported plan years ended September 30 except for the following:

- 2020 - The health care cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50 percentage points. This, in addition to actual per person health benefit cost being lower than projected, reduced the plan's total OPEB liability by an additional \$1.8 billion in 2020.
- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. This resulted in a lower than projected per person health benefit cost to reduce the plan's total OPEB liability by an additional \$1.4 billion in 2019.
- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. This resulted in a lower than projected per person health benefit cost to reduce the plan's total OPEB liability by \$1.4 billion in 2018.

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## Other Supplemental Information

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# Clarenceville School District of Oakland and Wayne Counties

## Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds

June 30, 2021

	Special Revenue Funds				Total
	Food Service Fund	Community Services Fund	Student/School Activity Fund	Capital Projects Fund	
<b>Assets</b>					
Cash and investments	\$ 79,739	\$ 278,401	\$ 123,309	\$ 723,018	\$ 1,204,467
Receivables:					
Other receivables	-	5,314	5,613	-	10,927
Due from other governments	153,730	16,064	-	-	169,794
Inventory	4,920	-	-	-	4,920
Prepaid costs	32,500	569	-	26,622	59,691
	<u>32,500</u>	<u>569</u>	<u>-</u>	<u>26,622</u>	<u>59,691</u>
Total assets	<u><b>\$ 270,889</b></u>	<u><b>\$ 300,348</b></u>	<u><b>\$ 128,922</b></u>	<u><b>\$ 749,640</b></u>	<u><b>\$ 1,449,799</b></u>
<b>Liabilities</b>					
Accounts payable	\$ 51,785	\$ 3,390	\$ 11,827	\$ -	\$ 67,002
Due to other governmental units	305	982	65	-	1,352
Due to other funds	-	-	5,062	-	5,062
Accrued payroll-related liabilities	3,256	9,824	-	-	13,080
Unearned revenue	1,802	-	-	-	1,802
	<u>1,802</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,802</u>
Total liabilities	57,148	14,196	16,954	-	88,298
<b>Fund Balances</b>					
Nonspendable:					
Inventory	4,920	-	-	-	4,920
Prepays	32,500	569	-	26,622	59,691
Restricted - Food service	176,321	-	-	-	176,321
Committed:					
Capital projects	-	-	-	723,018	723,018
Community service	-	285,583	-	-	285,583
Student/School activities	-	-	111,968	-	111,968
	<u>-</u>	<u>-</u>	<u>111,968</u>	<u>-</u>	<u>111,968</u>
Total fund balances	213,741	286,152	111,968	749,640	1,361,501
	<u>213,741</u>	<u>286,152</u>	<u>111,968</u>	<u>749,640</u>	<u>1,361,501</u>
Total liabilities and fund balances	<u><b>\$ 270,889</b></u>	<u><b>\$ 300,348</b></u>	<u><b>\$ 128,922</b></u>	<u><b>\$ 749,640</b></u>	<u><b>\$ 1,449,799</b></u>



## Clarenceville School District of Oakland and Wayne Counties

### Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds

**Year Ended June 30, 2021**

	Special Revenue Funds				Total
	Food Service Fund	Community Services Fund	Student/ School Activity Fund	Capital Projects Fund	
<b>Revenue</b>					
Local sources	\$ 36,520	\$ 92,516	\$ 58,165	\$ 52,000	\$ 239,201
State sources	39,351	-	-	-	39,351
Federal sources	828,534	102,800	-	-	931,334
Total revenue	904,405	195,316	58,165	52,000	1,209,886
<b>Expenditures</b>					
Current:					
Support services	-	21,768	60,846	-	82,614
Food services	886,023	-	-	-	886,023
Community services	-	151,000	-	-	151,000
Capital outlay	27,570	-	-	144,456	172,026
Total expenditures	913,593	172,768	60,846	144,456	1,291,663
<b>Excess of Revenue (Under) Over Expenditures</b>	(9,188)	22,548	(2,681)	(92,456)	(81,777)
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	-	-	325,000	325,000
Transfers out	(34,896)	(100,000)	-	-	(134,896)
Total other financing (uses) sources	(34,896)	(100,000)	-	325,000	190,104
<b>Net Change in Fund Balances</b>	(44,084)	(77,452)	(2,681)	232,544	108,327
<b>Fund Balances - Beginning of year</b>	257,825	363,604	114,649	517,096	1,253,174
<b>Fund Balances - End of year</b>	<b>\$ 213,741</b>	<b>\$ 286,152</b>	<b>\$ 111,968</b>	<b>\$ 749,640</b>	<b>\$ 1,361,501</b>