Clare Public Schools
Clare, Michigan

Financial Statements
With Supplementary Information
June 30, 2020

Roslund Prestage & Company
Certified Public Accountants

Clare Public Schools
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June 30, 2020

To the Board of Education
Clare Public Schools

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clare Public Schools (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

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

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

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle
As discussed in the notes to the financial statements, during the year the District implemented GASB Statement No. 84, *Fiduciary Activities.* As a result of the implementation of this Statement, the financial statements have been changed to reflect the new presentation required by GASB Statement No. 84. Our opinion is not modified with respect to this matter.

Other Matters
Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements,

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

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplemental information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 5, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Sincerely,

Roslund, Prestage & Company, P.C.

Roslund, Prestage & Company, P.C.
Certified Public Accountants
October 5, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

CLARE PUBLIC SCHOOLS
Management's Discussion and Analysis
For the Year Ended June 30, 2020

Our discussion and analysis of the Clare School District's (School District) financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2020.

Financial Highlights

The School District's net position increased $5,153 or .04%. Program revenues accounted for $2.61 million or 14% of total revenues and general revenues accounted for $16.12 million or 86%.

The General Fund reported a positive fund balance in excess of $4,789,000.

Using this Annual Financial Report

This annual financial report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Clare Public Schools financially as a whole. The *District-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 as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the district-wide financial statements by providing information about the School District's funds - the Major Funds which consists of the General Fund and Capital Investment Fund, and Non-Major Funds including the Food Service Fund, Student Activities, 2016 Refunding Bond Fund, Pioneer Development Fund, and the 2015 Debt Service Fund. The remaining statement, the statement of fiduciary net position, presents financial information about activities for which the School District acts solely as an agent for the benefit of the school libraries. The following summarizes the presentation included in this annual financial report.

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

Basic Financial Statements

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

Budgetary Information for the General Fund (Required Supplemental Information)

Other Supplemental Information

Reporting the District as a Whole

The Statement of Net Position and Statement of Activities
One of the most important questions asked about the School District's finances is, "Is the School District better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the School District as a whole and about its activities in a manner that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector companies. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the School District's net position as a way to measure the School District's financial status. The change in net position provides the reader a tool to assist in determining whether the School District's financial health is improving or deteriorating. The reader will need to consider other non-financial factors such as property tax base, student enrollment growth, and facility conditions in arriving at their conclusion regarding the overall health of School District.

Reporting the District's Most Significant Funds

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. Other funds are established to help it control and manage money for particular purposes or to meet legal responsibilities for using certain taxes, grants, and other sources of revenue. The School District's two types of funds, governmental and fiduciary, use different accounting approaches as further described in the notes to the financial statements.

Governmental Funds
Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances remaining at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources available to spend in the near future to finance the School District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the basic financial statements.

Fiduciary Funds
The School District is the trustee, or fiduciary, for its library funds. All of the School District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. We exclude these activities from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

District-wide Financial Analysis

The statement of net position provides the perspective of the School District as a whole. Exhibit A provides a summary of the School District's net position as of June 30, 2019 and 2020:

	Governmental Activities	
Exhibit A	2019	2020
Assets		
Current and other assets	$7,100,000	$ 8,500,000
Capital assets - net of accumulated depreciation	12,900,000	12,600,000
Total assets	20,000,000	21,100,000
Deferred Outflows of Resources	8,800,000	10,000,000
Liabilities		
Current liabilities	2,400,000	2,600,000
Long-term liabilities	34,400,000	36,500,000
Total liabilities	36,800,000	39,100,000
Deferred Inflows of Resources	4,300,000	4,300,000
Net Position		
Invested in property and equipment - net of related debt	7,900,000	8,300,000
Restricted	1,500,000	1,500,000
Unrestricted	(21,700,000)	(22,100,000)
Total net position	$(12,300,000)	$ (12,300,000)

The Governmental Accounting Standards Board (GASB) is the independent organization that establishes and improves standards of accounting and financial reporting for U.S. state and local government.

GASB Statement 68 and GASB Statement 75 require all reporting units in a multi-employer cost sharing pension and other post-employment benefit plan (like MPSERS) to record balance sheet liabilities for their proportionate share of the net pension and other post-employment benefit liabilities of the plan. Estimates from the State indicate a potential pension liability exceeding $26,700,000 and potential other post-employment benefit liability exceeding $5,900,000 for the School District, which is referenced in Exhibit A and Notes 9 and 10 in the Notes to the Financial Statements. It is possible the School District would not be held responsible to pay the potential pension and other post-employment benefit amount, but the potential liabilities must be reported to satisfy the federal GASB Statement 68 and GASB Statement 75 requirements.

The preceding table focuses on net position (Exhibit A). The School District's net position was $(12,300,000) at June 30, 2020. Capital assets, net of related debt totaling $8,270,000, compares the original costs, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt requirements and legislation that limit the School District's ability to use that net position for day-to-day operations.

The results of this year's operations for the School District as a whole are reported in the statement of activities. Exhibit B provides a summary of the changes in net position for the years ended June 30, 2019 and 2020.

CLARE PUBLIC SCHOOLS
Management's Discussion and Analysis
For the Year Ended June 30, 2020

Exhibit B	Governmental Activities 2019	Governmental Activities 2020
Revenue		
Program revenue:		
Charges for services	$ 357,000	$ 706,000
Grants and categoricals	1,489,000	1,910,000
General revenue:		
Property taxes	2,489,000	2,575,000
State sources	12,884,000	13,335,000
Other	116,000	216,000
Total revenue	17,335,000	18,742,000
Function/Program Expenses		
Instruction	10,067,000	11,844,000
Support services	5,541,000	5,681,000
Food services	717,000	613,000
Student Activities	-	404,000
Other Expenditures	32,000	60,000
Interest on long-term debt	105,000	103,000
Depreciation - unallocated	24,000	32,000
Total expenses	16,486,000	18,737,000
Transfers In/Out	(1,000)	-
Change in net position	$ 848,000	$ 5,000

As reported in the statement of activities, the cost of all of our *governmental* activities this year was $18.7 million. Certain activities were partially funded from those who benefited from the programs ($706,000) or by the other governments and organizations that subsidized certain programs with grants and categorical ($1.9 million). We paid for the remaining "public benefit" portion of our governmental activities with $2.6 million in taxes, $13.3 million in state sources and with our other revenues, such as interest and general entitlements.

The School District experienced an increase in net position of $5,000. The increase was due to the excess of revenues over expenditures. The increase in net position differs from the change in fund balance and a reconciliation appears in the financial statements.

The School District's Funds

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.

The School District's governmental funds reported a combined fund balance of $6.6 million. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2019 and 2020.

	Fund Balance June 30, 2019	Fund Balance June 30, 2020	Change
General	$ 3,880,849	$ 4,789,074	$ 908,225
Special Revenue	466,398	570,025	103,627
Debt Service	117,825	124,512	6,687
Capital Projects	900,732	1,137,905	237,173
Total	$ 5,365,804	$ 6,621,516	$1,255,712

The School District completed this year with a combined fund balance increase of $1,255,712 from the previous year.

- The General Fund balance increased by $908,225. The per pupil foundation allowance was increased by $65 from the prior year and the student count increased by 27 students. The Thompson and ESSER grants also contributed to the increase. Overall, the General Fund activity was within 98 percent of budgeted expenditures.

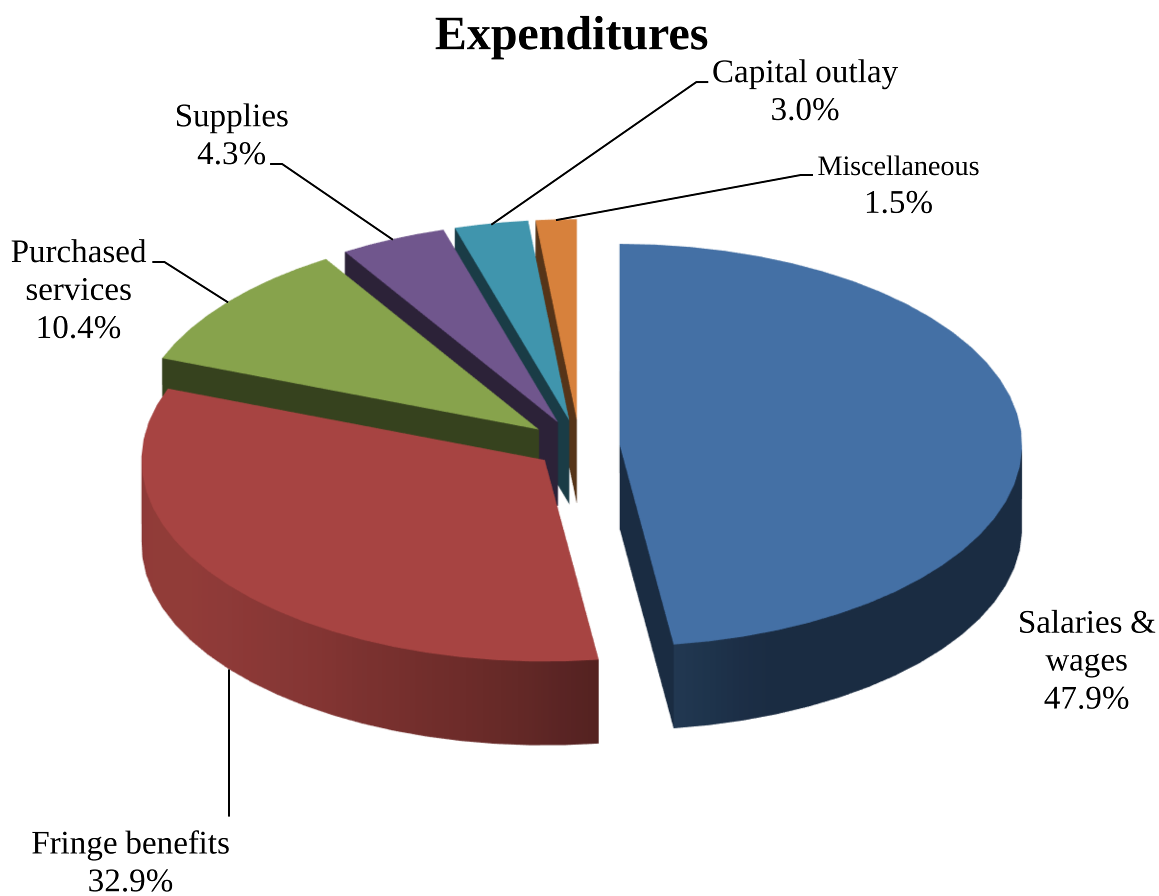
- Our Special Revenue Funds' balances increased by $103,627. The unanticipated school closure summer food service program resulted in increased revenues and decreased expenditures.

- Our Debt Service Funds' balances increased by $6,687. Scheduled debt payments were made from the 2016 Refunding Bond Fund and the 2015 Debt Services Fund.

- Our Capital Projects Funds' balances increased by $237,173. The Pioneer Development Fund increased by $24,546 due in large part to transfers from the general fund and donations. The increase of $212,627 in the Capital Investment Fund was due in large part to a $200,000 annual transfer from the general fund.

CLARE PUBLIC SCHOOLS
Management's Discussion and Analysis
For the Year Ended June 30, 2020

As the graph below illustrates, the largest portions of General Fund expenditures (excluding fund transfers) are for salaries and fringe benefits. The School District by nature is a labor intensive organization.



	2019	2020
Expenditures by object		
Salaries and wages	$ 7,236,758	$ 7,538,858
Fringe benefits	4,910,917	5,184,723
Purchased services	1,291,364	1,630,790
Supplies & materials	732,252	674,220
Capital outlay	493,076	465,722
Miscellaneous	294,640	257,030
Total	$14,959,007	$15,751,343

Expenditures (not including transfers) are up $792,336 or 5.3%. Salaries and wages have increased by $302,100 or 4.2%. This change is due to salary increases offset by the difference in salaries of several new staff verses retired staff the year before, as well as an increase in the total number of staff. Fringe benefits are up $273,806 or 5.6%. There was an increase in retirement expense and various changes in insurance coverage were made by employees throughout the course of the fiscal year. Purchased services increased largely due to privatizing transportation. Capital Outlay for 19-20 is comprised of the purchase of a new school bus, boilers, high school roof replacement, high school PA system, pole vault pit and storage barn. New bleachers were a work in process at year end.

General Fund Budgetary Highlights

Over the course of the year, the School District revises its budget to reflect changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. 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. Changes to the General Fund original budget were as follows:

- Final budgeted revenues were $307,990 more than the original budget, due mainly to the increase in the student count (State Aid).

- The actual revenues were $776,660 more than the final budgeted revenues. This was due to the per pupil foundation allowance (State Aid) being higher than anticipated with the COVID-19 closures.

- Final budgeted expenditures were $245,969 above the original budget. This was largely due to retirement incentives offered to the teaching staff and the bleachers purchase.

- The actual expenditures were $175,296 lower than the final budgeted expenditures. About 54% of the $175,296 not spent occurred in the many instructional areas making up most of the District budget. About 42% of the $175,296 not spent occurred within support services.

Capital Assets

At June 30, 2020, the School District had $12.6 million invested in a broad range of capital assets, including land, buildings, furniture, and equipment. This amount represents a net decrease (including additions and disposals) of $288,000 or 2.2%, from last year.

	2019	2020
Land	$ 135,211	$ 135,211
Buildings and improvements	18,852,345	19,166,274
Furniture and equipment	7,929,587	7,966,241
Vehicles	902,960	991,052
Total capital assets	27,820,103	28,258,778
Less accumulated depreciation	14,961,327	15,688,318
Net capital assets	$ 12,858,776	$ 12,570,460

This year's additions included a new school bus, a used school bus, boilers, high school roof replacement, high school PA system, pole vault pit and storage barn. New bleachers were a work in process at year end. The additions were offset by depreciation resulting in a net decrease exceeding $288,000. 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 $4,315,000 in bonds outstanding versus $4,985,000 in the previous year – a decrease of 13%. The decrease reflects the principal portion of debt payments made during the fiscal year.

	2019	2020
2016 Refunding Bonds	$ 3,100,000	$ 2,625,000
2015 School Building & Site Bonds	1,885,000	1,690,000
	$ 4,985,000	$ 4,315,000

Factors Expected to have an Effect on Future Operations

Our elected Board and administration consider many factors when setting the School District's 2020-21 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 2020-21 fiscal year budget was adopted in June 2020, based on an estimate of students that will be enrolled in October 2020. Under State law, the School District cannot access additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2020-21 school year, we anticipate that the fall student count will be less than the estimates used in creating the 2020-21 fiscal year budget. However, for the 2020-21 school year, the School District may use 75% of the prior fiscal year's blended student count and 25% of the current fiscal year's blended count. Once the final student count and related per pupil funding is validated, State law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations.

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Requests For Information

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Office of the Superintendent
Clare Public School District
201 East State Street
Clare, Michigan 48617

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

Clare Public Schools
Statement of Net Position
June 30, 2020

Assets	
Current assets	
Cash and investments	$ 5,749,531
Accounts receivable	4,266
Due from other governmental units	2,648,489
Inventory	9,230
Other current assets	67,380
Total current assets	8,478,896
Noncurrent assets	
Capital assets not being depreciated	326,628
Capital assets being depreciated, net	12,243,832
Total noncurrent assets	12,570,460
Total assets	21,049,356
Deferred Outflows of Resources	
Deferred outflow - related to pension	7,896,025
Deferred outflow - related to other post-employment benefits	2,111,315
Total deferred outflows	10,007,340
Liabilities	
Current liabilities	
Accounts payable	268,290
Due to other governmental units	165,282
Accrued expenses	1,374,040
Unearned revenues	49,768
Accrued interest on long-term debt	14,479
Long-term obligations, due within one year	685,000
Compensated absences, due within one year	28,610
Total current liabilities	2,585,469
Noncurrent liabilities	
Long-term obligations, due beyond one year	3,630,000
Compensated absences, due beyond one year	162,124
Premium on long-term debt, net of amortization	18,511
Net pension liability	26,774,702
Net other post-employment benefit liability	5,907,389
Total noncurrent liabilities	36,492,726
Total liabilities	39,078,195
Deferred Inflows of Resources	
Deferred inflow - related to pension	1,118,933
Deferred inflow - related to other post-employment benefits	2,278,028
Deferred inflow - 147c allocation	908,644
Total deferred inflows of resources	4,305,605
Net position	
Net investment in capital assets	8,273,971
Restricted for:	
Food service	201,890
Debt service	124,512
Capital project funds	1,137,905
Unrestricted	(22,065,382)
Total net position	$ (12,327,104)

Clare Public Schools
Statement of Activities
For the Year Ended June 30, 2020

Functions / Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes Net Position
Governmental activities:				
Instruction	$ 11,843,903	$ -	$ 1,387,006	$ (10,456,897)
Support services	5,681,239	105,479	-	(5,575,760)
Food service	613,440	121,045	523,230	30,835
Student activities	403,985	431,903	-	27,918
Community services	17,771	47,556	-	29,785
Payments to other public schools	41,781	-	-	(41,781)
Interest and fees on long-term debt	102,417	-	-	(102,417)
Depreciation - unallocated	32,171	-	-	(32,171)
Total governmental activities	$ 18,736,707	$ 705,983	$ 1,910,236	(16,120,488)
General revenues:				
Property taxes				2,575,215
State sources				13,334,715
Unrestricted interest and investment earnings				33,638
Restricted interest and investment earnings				18,588
Gain on sale of capital assets				3,202
Other revenues				160,283
Total general revenues				16,125,641
Change in net position				5,153
Net position - beginning, as restated				(12,332,257)
Net position - ending				$ (12,327,104)

FUND FINANCIAL STATEMENTS

Clare Public Schools
Balance Sheet - Governmental Funds
June 30, 2020

	Major Fund		Total	
	General Fund	Capital Investment	Nonmajor Funds	Totals
Assets				
Cash and investments	$ 3,958,170	$ 1,003,181	$ 788,180	$ 5,749,531
Accounts receivable	4,266	-	-	4,266
Due from other governmental units	2,620,743	-	27,746	2,648,489
Due from other funds	9,148	-	-	9,148
Inventory	-	-	9,230	9,230
Other current assets	17,380	-	50,000	67,380
Total assets	$ 6,609,707	$ 1,003,181	$ 875,156	$ 8,488,044
Liabilities				
Accounts payable	$ 243,871	$ -	$ 24,419	$ 268,290
Accrued expenditures	1,374,040	-	-	1,374,040
Due to other governmental units	165,282	-	-	165,282
Unearned revenues	37,440	-	12,328	49,768
Total liabilities	1,820,633	-	36,747	1,857,380
Fund balance				
Non-spendable	17,380	-	59,230	76,610
Restricted	-	1,003,181	770,031	1,773,212
Unassigned	4,771,694	-	-	4,771,694
Total fund balance	4,789,074	1,003,181	829,261	6,621,516
Total liabilities and fund balance	$ 6,609,707	$ 1,003,181	$ 866,008	$ 8,478,896

Clare Public Schools
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds
to Net Position of Governmental Activities on the Statement of Net Position
June 30, 2020

Total fund balance - governmental funds		$ 6,621,516
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Add:	Cost of capital assets	28,258,778
Deduct:	Accumulated depreciation	(15,688,318)
Long-term debt is not due and payable in the current period and, therefore, is not reported in the funds. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These liabilities consist of:		
Deduct:	2016 Refunding bonds	(2,625,000)
Deduct:	2015 School building & site bonds	(1,690,000)
Deduct:	Premium on long-term debt, net of amortization	(18,511)
Long-term liabilities (and corresponding deferrals) are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:		
Add:	Deferred outflow - related to pension	7,896,025
Add:	Deferred outflow - related to other post-employment benefits	2,111,315
Deduct:	Net pension liability	(26,774,702)
Deduct:	Net other post-employment benefit liability	(5,907,389)
Deduct:	Deferred inflow - related to pension	(1,118,933)
Deduct:	Deferred inflow - related to other post-employment benefits	(2,278,028)
Deduct:	Deferred inflow - 147c allocation	(908,644)
Deduct:	Compensated absences payable	(190,734)
Deduct:	Accrued interest on long-term liabilities	(14,479)
Total net position - governmental activities		$ (12,327,104)

Clare Public Schools
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2020

	Major Fund		Total	
	General Fund	Capital Investment	Nonmajor Funds	Totals
Revenues				
Local sources	$ 2,137,211	$ 12,627	$ 1,335,995	$ 3,485,833
State sources	13,323,329	-	46,693	13,370,022
Federal sources	1,387,006	-	523,231	1,910,237
Other sources	7,872	-	-	7,872
Total revenues	16,855,418	12,627	1,905,919	18,773,964
Expenditures				
Instruction				
Basic programs	7,883,759	-	-	7,883,759
Added needs	2,384,061	-	-	2,384,061
Adult / continuing education	70,714	-	-	70,714
Total instruction	10,338,534	-	-	10,338,534
Support services				
Pupil	685,034	-	-	685,034
Instructional staff	435,745	-	-	435,745
General administration	306,894	-	-	306,894
School administration	800,661	-	-	800,661
Business services	426,656	-	350	427,006
Operation and maintenance	1,160,999	-	-	1,160,999
Pupil transportation	373,359	-	-	373,359
Central	473,043	-	-	473,043
Athletics	315,190	-	-	315,190
Total support services	4,977,581	-	350	4,977,931
Food service	-	-	595,897	595,897
Student activities	-	-	403,985	403,985
Community services	17,771	-	-	17,771
Payments to other public schools	41,781	-	-	41,781
Construction and improvement	375,676	-	-	375,676
Debt service				
Principal payments	-	-	670,000	670,000
Interest, fees and other	-	-	99,879	99,879
Total expenditures	15,751,343	-	1,770,111	17,521,454
Excess (deficiency) of revenues over expenditures	1,104,075	12,627	135,808	1,252,510
Other financing sources (uses)				
Proceeds from sale of capital assets	3,202	-	-	3,202
Transfers in	9,148	200,000	8,200	217,348
Transfers (out)	(208,200)	-	(9,148)	(217,348)
Net change in fund balance	908,225	212,627	134,860	1,255,712
Fund balances - beginning	3,880,849	790,554	414,414	5,085,817
Fund balances - restatement	-	-	279,987	279,987
Fund balances - ending	$ 4,789,074	$ 1,003,181	$ 829,261	$ 6,621,516

The notes are an integral part of these financial statements.

Clare Public Schools
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2020

Net change in fund balances - total governmental funds		$ 1,255,712
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Add:	Capital outlay	438,675
Deduct:	Depreciation expense	(726,991)
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Add:	2016 Refunding bonds	475,000
Add:	2015 School Building & Site Bonds	195,000
Add:	Amortization of premium on long-term debt	3,702
Revenue in support of pension contributions made subsequent to the measurement date.		
Deduct:	Change in deferred inflow - 147c allocation	(35,307)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.		
Add:	Change in deferred outflow - related to pension	289,352
Add:	Change in deferred outflow - related to other post-employment benefits	878,499
Deduct:	Change in net pension liability	(3,175,944)
Add:	Change in net other post-employment benefit liability	366,317
Add:	Change in deferred inflow - related to pension	913,263
Deduct:	Change in deferred inflow - related to other post-employment benefits	(867,932)
Add:	Change in accrual for compensated absences	2,046
Deduct:	Change in accrued interest on long-term liabilities	(6,239)
Change in net position - governmental activities		$ 5,153

Clare Public Schools
Statement of Net Position - Fiduciary Funds
June 30, 2020

	Private Purpose Trust
Assets	
Cash and cash equivalents	$ 25,000
Net position	
Restricted net position	$ 25,000

The notes are an integral part of these financial statements.

Clare Public Schools
Statement of Changes in Net Position - Fiduciary Funds
For the Year Ended June 30, 2020

	Private Purpose Trust
Revenue	
Interest income	$ -
Change in net position	-
Net position - beginning	25,000
Net position - ending	$ 25,000

The notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
The accounting policies of the Clare Public Schools (the District) conform to generally accepted accounting principles (GAAP) in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant accounting policies used by the District. All amounts shown are in dollars.

Reporting Entity
The District is governed by Board of Education members which have the responsibility and control over all activities related to public school education within the District. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. The District receives funding from local, state and federal government sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by the accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the District's reporting entity, and which organizations are legally separate, component units of the District. Based on the application of the criteria, the District does not contain any component units.

Basis of Presentation - Government-wide Financial Statements
While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Basis of Presentation - Fund Financial Statements
The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major funds. Fiduciary Funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the District under the terms of a formal trust agreement. Fiduciary funds are not included in the government-wide statements.

The District reports the following major governmental funds:

- The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

- The *capital projects funds* account for the acquisition of fixed assets or construction of capital projects. The District accounts for its Capital Investment in a capital projects fund.

The District reports the following non-major governmental funds:

- The *special revenue fund* accounts for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service and student activities in the special revenue fund.

- The *debt service funds* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds. The District accounts for its 2016 Refunding and 2015 Debt Service in the debt service funds.

- The *capital projects funds* account for the acquisition of fixed assets or construction of capital projects. The District accounts for its Pioneer Development in the capital projects funds.

The District reports the following fiduciary funds:

- The *private purpose trust funds* account for funds entrusted to the District for the library and only the interest may be spent. These funds are not reported in the District's government-wide financial statements.

Measurement Focus and Basis of Accounting

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

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

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

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

The private-purpose trust fund is reported using the economic resources measurements focus and the accrual basis of accounting.

Budgetary Basis of Accounting

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

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

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

- The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, are noted in the required supplementary information section.
- Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.

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

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

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

Investments
Certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. Standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the District intends to hold the investment until maturity.

State statutes authorize the District to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The District is also authorized to invest in U.S. District or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

Inventory
Inventory is valued at cost using the first-in/first-out (FIFO) method and consisted of food service food and supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

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

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

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

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

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

Assets	Years
Land	Not Depreciated
Construction in process	Not Depreciated
Buildings and additions	5 - 50
Furniture and equipment	3 - 25
Vehicles	5 - 8

The District reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its fair value. If it is determined that an impairment loss has occurred, the asset is written down to its net realizable value and a related expense is recognized in the current year.

Deferred Outflows
In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The District has two items that qualify for reporting in this category. They are the pension and other postemployment benefits related items reported in the government-wide statement of net position. A deferred outflow is recognized for pension and other postemployment benefit related items. These amounts are expensed in the plan year in which they apply.

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

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

Unearned Revenue
Unearned revenues arise when resources are received by the District before it has a legal claim to them. In subsequent periods, when the revenue recognition criterion is met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the fund financial statements and Government-wide financial statements, and revenue is recognized.

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

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

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

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

Net Position and Fund Balances
Restricted net position shown in the Government-wide financial statements will generally be different from amounts reported as reserved/designated fund balances in the governmental fund financial statements. This occurs because of differences in the measurement focus and basis of accounting used in the government-wide and fund financial statements and because of the use of funds to imply that restrictions exist.

Net Position – Restrictions
Net position in the government-wide financial statements are reported as restricted when constraints placed on net position use is either:

- Externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or
- Imposed by law through constitutional provisions or enabling legislation.

Fund Balance
The following classifications describe the relative strength of the spending constraints:

- *Nonspendable fund balance* - amounts that are in nonspendable form (such as inventory or prepaid expenditures) or are either legally or contractually required to be maintained intact.
- *Restricted fund balance* - amounts constrained to specific purposes by their providers (such as taxpayers, grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation. The District would typically use restricted fund balance first, followed by committed resources, and then assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these classified funds.
- *Committed fund balance* - amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (Board of Education). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.
- *Assigned fund balance* - amounts the District intends to use for a specific purpose. Intent can be expressed by the Board of Education or by an official or body to which the Board of Education delegates the authority.
- *Unassigned fund balance* - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

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

The District levied the following amounts per $1,000 of assessed valuation. The District levied 18.00 mills for school general operations on the non-homestead taxable value. The District also levied an additional 2.90 mills on all property in the District for the purpose of debt service.

State Aid Revenue

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

The state portion of the Foundation is provided primarily by a state education property tax millage of 6.00 mills on Principal Residence Exemption (PRE) property and an allocated portion of state sales and other taxes. The local portion of the Foundation is funded primarily by Non-PRE property taxes which may be levied at a rate of up to 18 mills as well as 6 mills for Commercial Personal Property Tax. The state revenue is recognized during the foundation period and is funded through payments from October to August. Thus, the unpaid portion at June 30 is reported as an intergovernmental receivable.

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

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 at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS

At June 30th, the carrying amount of the District's cash, cash equivalents and investments were as follows:

Description	Amount
Petty Cash	2,300
Checking, Savings, & Money Market Accounts	2,653,272
Investments - MILAF	3,093,959
Total	5,749,531

The District voluntarily invests certain excess funds in external pooled investment funds which included money market funds. One of the pooled investment funds utilized by the District is the Michigan Investment Liquid Asset Fund (MILAF). MILAF is an external pooled investment fund of “qualified” investments for Michigan school districts. MILAF is not regulated nor is it registered with the SEC. MILAF reports as of June 30, 2020, the fair value of the District’s investments is the same as the value of the pool shares.

The other pooled investment fund is Michigan Class. Michigan Class is considered a local government investment pool of "qualified" investments for Michigan School Districts. Michigan Class is not regulated nor is it registered with the SEC. Michigan Class reports as of year-end, the fair value of the District's investments is the same as the value of the pooled shares.

MILAF, as defined by the GASB, are recorded at amortized cost which approximate fair value. The MILAF (MAX Class) fund requires notification of redemptions prior to 14 days to avoid penalties. These funds are not subject to the fair value disclosures. Michigan Class is recorded at fair value and is subject to fair value disclosures.

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

Credit risk: State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs).

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

Custodial credit risk – deposits: In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2020, $2,843,393 of the District's bank balance of $2,593,393 was exposed to custodial credit risk because it was uninsured and uncollateralized. The above amounts include interest bearing accounts. The fiduciary fund balances are not included in the above balances.

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

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

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

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

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

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

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

Michigan Class investments are subject to the fair value measurement and are level 2. 1 day maturity equals 0.0027, one year equals 1.00

Investment Type	**Fair Value**	**Weighted Average Maturity**	**Standard & Poor's Rating**	**%**
MILAF External Investment Pool - MICMC	1,163,434	0.2052	AAAm	37.60%
MILAF External Investment Pool - MIMAX	1,930,525	0.2052	AAAm	62.40%
Total	3,093,959			

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

NOTE 3 - DUE FROM OTHER GOVERNMENTAL UNITS
As of June 30th, due from other governmental units is comprised of the following amounts:

Description	Amount
State aid	2,164,509
Federal grants and other pass-through agencies	483,980
Total	2,648,489

No allowance for doubtful accounts is considered necessary.

NOTE 4 - CAPITAL ASSETS
A summary of changes in the District's capital assets follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets not being depreciated					
Land	135,211	-	-	-	135,211
Construction in process	136,928	191,417	-	(136,928)	191,417
Total capital assets not being depr.	272,139	191,417	-	(136,928)	326,628
Capital assets being depreciated					
Buildings and additions	18,715,417	122,512	-	136,928	18,974,857
Furniture and equipment	7,929,587	36,654	-	-	7,966,241
Vehicles	902,960	88,092	-	-	991,052
Total capital assets being depr.	27,547,964	247,258	-	136,928	27,932,150
Accumulated depreciation					
Buildings and additions	(7,573,250)	(391,175)	-	-	(7,964,425)
Furniture and equipment	(7,010,207)	(190,580)	-	-	(7,200,787)
Vehicles	(377,870)	(145,236)	-	-	(523,106)
Total accumulated depreciation	(14,961,327)	(726,991)	-	-	(15,688,318)
Net capital assets being depreciated	12,586,637	(479,733)	-	136,928	12,243,832
Net capital assets	12,858,776	(288,316)	-	-	12,570,460

Depreciation for the year ended June 30, 2020 totaled $726,991 and was allocated as follows:

Governmental Activities	Amount
Instruction	443,803
Support services	233,474
Food services	17,543
Unallocated depreciation	32,171
Total depreciation	726,991

NOTE 5 - ACCRUED EXPENSES
Accrued expenses as of year-end include amounts due for accrued wages, retirement, FICA, employee benefit insurances, and termination benefits (if any). Accrued wages represent the remaining balance on teacher contracts to be paid during the summer and other salaries and wages earned as of June 30th.

NOTE 6 - DEBT

Short-term debt
On August 20, 2018, the District borrowed $500,000 in the form of a State Aid Anticipation Note for the purpose of providing funds for school operations. The interest rate was stated at 1.75%. The note was payable at maturity on August 20, 2019. The State Aid Anticipation Note was paid off during the fiscal year ending June 30, 2020 and the District did not obtain another State Aid Note to replace it.

	Beginning Balance	Additions	(Deletions)	Ending Balance
State aid note (net of set-aside funds)	72,577	-	(72,577)	-

Premiums and Discounts
Debt may be issued at par value, with a premium (applicable to debt issued in excess of par value) or at a discount (applicable to debt issued at amounts less than the par value). Premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

The changes in premium and discounts during the fiscal year are as follows:

	Beginning Balance	Additions	(Deletions)	Ending Balance
Premium on long-term debt	22,213	-	(3,702)	18,511

Long-term debt

General obligation bonds:	Amount
2015 School building and site bonds due in annual installments of $100,000 to $340,000 through May 1, 2026 with an interest rate from 2.0% to 3.0%	1,690,000
2016 Refunding bonds due in annual installments of $420,000 to $490,000 through November 1, 2026 with an interest rate from 0.75% to 2.15%	2,625,000
Total general obligation bonds:	4,315,000

2016 Refunding Bonds
In February 2016, the District issued $4,560,000 in 2016 refunding bonds with an interest rate between 0.75% and 2.15%. The 2016 refunding bonds were used to pay $4,535,000 in 2006 refunding bonds with an average interest rate of 4.00%. The remaining $25,000 was left in the 2016 refunding debt fund to make future principal and interest payments. The 2006 refunding bonds are considered to be defeased and the liability for the bonds has been removed from the School District's long-term obligations. The escrow agent paid the 2006 refunding bonds in February 2016. The refunding reduced total debt service payments by approximately $504,014, which represents an economic gain of approximately $457,884.

Summary of Long-Term Debt
The changes in long-term debt during the fiscal year are as follows:

	Beginning Balance	Additions	(Deletions)	Ending Balance	Due within one year
Long-term debt					
Compensated absences	192,780	26,871	(28,917)	190,734	28,610
General obligation bonds	4,985,000	-	(670,000)	4,315,000	685,000
Total long-term debt	5,177,780	26,871	(698,917)	4,505,734	713,610

The requirements to pay principal and interest on the long-term debt outstanding at June 30, 2020, are shown below:

	General Obligation Bonds	
Year Ended June 30	Principal	Interest
2021	685,000	88,805
2022	695,000	77,663
2023	710,000	65,563
2024	725,000	52,463
2025	740,000	37,440
2026-2030	760,000	19,230
Total long-term debt	4,315,000	341,164

NOTE 7 - NET INVESTMENT IN CAPITAL ASSETS
As of June 30th, the composition of net investment in capital assets was comprised of the following:

Net investment in capital assets	Amount
Capital assets not being depreciated	326,628
Capital asset being depreciated, net	12,243,832
Capital related general obligation bonds	(4,315,000)
Unamortized premium on bonds	18,511
Net investment in capital assets	8,273,971

NOTE 8 - RISK MANAGEMENT
The District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) as well as medical benefits provided to employees. The District participates in commercial insurance for claims relating to property loss, torts, errors and omissions, and employee injuries (workers' compensation). Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years. There was no reduction in coverage obtained through commercial insurance during the past year.

NOTE 9 - RETIREMENT BENEFITS

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

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

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

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

Benefits Provided

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

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

Contributions

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2018 valuation will be amortized over a 20-year period beginning October 1, 2018 and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for fiscal year ended September 30, 2019.

Benefit Structure	Member	District
Basic	0.0 - 4.0%	18.25%
Member Investment Plan	3.0 - 7.0%	18.25%
Pension Plus	3.0 - 6.4%	16.46%
Pension Plus 2	6.2%	19.59%
Defined Contribution	0.0%	13.39%

Required contributions to the pension plan from the District were $2,147,804 for the year ended September 30, 2019.

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

At June 30, 2020, the District reported a liability of $26,774,702 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2018. The Districts' proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2019, the Districts' proportion was 0.0808497%, which was an increase of 0.0023489% from its proportion measured as of September 30, 2018.

For the year ending June 30, 2020, the District recognized pension expense of $4,194,582. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	120,013	111,648
Changes of Assumptions	5,242,506	-
Net difference between projected and actual earnings on pension plan investments	-	858,084
Changes in proportion and differences between District contributions and proportionate share of contributions	498,694	149,201
District contributions subsequent to the measurement date	2,034,812	-
Total	7,896,025	1,118,933

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future Pension Expenses)	
2020	1,792,803
2021	1,493,728
2022	1,031,775
2023	423,974

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the District and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the District and plan members to

that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date:	September 30, 2018
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	
- MIP and Basic Plans:	6.80%
- Pension Plus Plan:	6.80%
- Pension Plus Plan 2:	6.00%
Projected Salary Increases:	2.75 - 11.55%, including wage inflation at 2.75%
Cost-of-Living Pension Adjustments:	3% Annual Non-Compounded for MIP Members
Mortality:	
- Retirees	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females

	and adjusted for mortality improvements using projection scale MP-2017 from 2006.
- Active Members	P-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Notes:

- *Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2017 valuation. The total pension liability as of September 30, 2018, is based on the results of an actuarial valuation date of September 30, 2017, and rolled forward using generally accepted actuarial procedures, including the experience study.*
- *Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.4977*
- *Recognition period for assets in years: 5.0000*
- *Full actuarial assumptions are available in the 2019 MPSERS Comprehensive Annual Financial Report found on the ORS website at www.michigan.gov/orsschools.*

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	28.0%	5.5%
Private Equity Pools	18.0	8.6
International Equity Pools	16.0	7.3
Fixed Income Pools	10.5	1.2
Real Estate and Infrastructure Pools	10.0	4.2
Absolute Return Pools	15.5	5.4
Short Term Investment Pools	2.0	0.8
Total	100.0%	
**Long-term rates of return are net of administrative expenses and 2.3% inflation.*		

Rate of Return

For the fiscal year ended September 30, 2019, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 5.14%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

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

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate
The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.80% (6.0% for the Pension Plus Plan), as well as what District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease 5.80% / 5.80% / 5.00%	Current Single Discount Rate Assumption 6.80% / 6.80% / 6.00%	1% Increase 7.80% / 7.80% / 7.0%
34,808,826	26,774,702	20,114,137
* Discount rates listed in the following order: Basic and Member Investment Plan (MIP), Pension Plus, and Pension Plus 2.		

Michigan Public School Employees' Retirement System (MPSERS) Fiduciary Net Position
Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS CAFR, available on the ORS website at www.michigan.gov/orsschools.

Payables to the Michigan Public School Employees' Retirement System (MPSERS)
The District reported payables to the defined benefit pension plan in the amount of $336,064 as of June 30, 2020.

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (RETIREE HEALTH CARE)

Plan Description
The Michigan Public School Employees' Retirement System (System or MPSERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members— eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.
The System's health plan provides all eligible retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).
The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.
The System's financial statements are available on the ORS website at www.michigan.gov/orsschools.

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

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

Under Public Act 300 of 2012, members were given the choice between continuing the 3% contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3% contribution and instead opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay healthcare expenses in retirement.

Participants in the PHF are automatically enrolled in a 2% employee contribution into their 457 account as of their transition date, earning them a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.

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

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2018 valuation will be amortized over a 20-year period beginning October 1, 2018 and ending September 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for fiscal year ended September 30, 2019.

Benefit Structure	Member	Employer
Premium Subsidy	3.00%	7.93%
Personal Healthcare Fund (PHF)	0.00%	7.57%

Required contributions to the OPEB plan from the District were 565,088 for the year ended September 30, 2019.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
At June 30, 2020, the District reported a liability of 5,907,389 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2018. The District’s proportion of the net OPEB liability was determined by dividing each employer’s statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2019, the district’s proportion was 0.0823014%, which was an increase of 0.0033764% from its proportion measured as of October 1, 2018.

For the year ending June 30, 2020, the District recognized OPEB expense of $213,988. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	-	2,167,588
Changes of Assumptions	1,280,012	-
Net difference between projected and actual earnings on OPEB plan investments	-	102,732
Changes in proportion and differences between employer contributions and proportionate share of contributions	290,833	7,708
Employer contributions subsequent to the measurement date	540,470	-
Total	2,111,315	2,278,028

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future OPEB Expenses)	
2020	(212,126)
2021	(212,126)
2022	(160,850)
2023	(85,886)
2024	(36,195)

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date:	September 30, 2018
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.95%
Projected Salary Increases:	2.75 – 11.55%, including wage inflation at 2.75%
Healthcare Cost Trend Rate:	7.5% Year 1 graded to 3.5% Year 12
Mortality:	
- Retirees:	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.

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

Other Assumptions:

- Opt Out Assumptions: 21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.
- Survivor Coverage: 80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death
- Coverage Election at Retirement: 75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

Notes:

- *Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual OPEB valuations beginning with the September 30, 2017 valuation. The total OPEB liability as of September 30, 2019, is based on the results of an actuarial valuation date of September 30, 2018, and rolled forward using generally accepted actuarial procedures, including the experience study.*
- *Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 5.7101 for non-university employers.*
- *Recognition period for assets in years: 5.0000*
- *Full actuarial assumptions are available in the 2019 MPSERS Comprehensive Annual Financial Report found on the ORS website at www.michigan.gov/orsschools.*

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	28.0%	5.5%
Private Equity Pools	18.0	8.6
International Equity Pools	16.0	7.3
Fixed Income Pools	10.5	1.2
Real Estate and Infrastructure Pools	10.0	4.2
Absolute Return Pools	15.5	5.4
Short Term Investment Pools	2.0	0.8
Total	100.0%	
*Long-term rates of return are net of administrative expenses and 2.3% inflation.		

Rate of Return

For the fiscal year ended September 30, 2019, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 5.37%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

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

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate
The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 6.95%, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

1% Decrease 5.95%	Current Discount Rate 6.95%	1% Increase 7.95%
7,246,301	5,907,389	4,783,076

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

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
4,735,410	5,907,389	7,246,142

OPEB Plan Fiduciary Net Position
Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2019 MPSERS CAFR, available on the ORS website at www.michigan.gov/orsschools.

Payables to the OPEB Plan
The District reported payables to the defined benefit OPEB plan in the amount of $66,141 as of June 30, 2020.

NOTE 11 - TRANSFERS
During the year the following transfers were made between funds:

- The transfer of $7,200 from the General Fund to the Pioneer Development Fund for the purpose of future tennis court and football field maintenance.
- The transfer of $200,000 from the General Fund to the Capital Investment fund for the purpose of Board approved future projects.
- The transfer of $9,148 from the Food Service Fund to the General Fund for the purpose of indirect costs.
- The transfer of $1,000 from the General Fund to the Activities Fund for the purpose of band expenses.

NOTE 12 - TAX ABATEMENTS
Effective for the year ended June 30, 2020 the District is required to disclose significant tax abatements as required by GASB statement 77 (Tax abatements).

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

The property taxes abated for all funds by municipality under these programs are as follows:

Municipality	Amount
Clare County	5,032
Isabella County	1,310
Total	6,342

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

There are no significant abatements made by the District.

NOTE 13 – CONTINGENT LIABILITIES

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

NOTE 14 – ECONOMIC DEPENDENCE

The District receives over 80% of its General Fund revenues from the Michigan Department of Education. Due to the significance of this revenue source, the District is considered to be economically dependent.

NOTE 15 – RESTATEMENT OF FUND BALANCE/NET POSITION

For the year ended June 30, 2020, the District implemented *GASB Statement No. 84, Fiduciary Activities*. *GASB Statement No. 84, Fiduciary Activities*, was issued by the GASB in January 2017. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities for all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Districts with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position.

As of June 30, 2020, the beginning fund balance was restated as follows:

	Beginning Balance Previously Reported	Restatement	Beginning Balance As Restated
Fund balance – Student Activities Fund (a special revenue fund)	-	279,987	279,987

As of June 30, 2020, the beginning net position was restated as follows:

	Beginning Balance Previously Reported	Restatement	Beginning Balance As Restated
Net position – Governmental Activities	(12,612,244)	279,987	(12,332,257)

NOTE 16 - UPCOMING ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 87, Leases, was issued by the GASB in June 2017 and will be effective for the District's 2020-2021 fiscal year. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use 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, thereby enhancing the relevance and consistency of information about governments' leasing activities.

NOTE 17 – SUBSEQUENT EVENT

As a result of the COVID-19 global pandemic, the State of Michigan encountered a revenue shortfall resulting in a reduction of revenue for Michigan school districts of $175 per pupil which reduced the state aid payments received in August of 2020. Subsequent to year end, various new revenue sources were approved to provide additional funding for Michigan school districts. Public Act 123 of 2020 was approved and will provide districts an approximate $12.32 per pupil. Also, Public Act 146 of 2020 was approved and will provide districts an additional $350 per pupil Because these acts were approved after June 30, 2020, the related revenues will be recognized in fiscal year ended June 30, 2021 in accordance with reporting criteria established by the Governmental Accounting Standards Board.

Currently it is not possible to estimate the full impact to the District of future revenue shortfalls, modifications to the per pupil foundation allowance, or additional revenue streams that will be available.

REQUIRED SUPPLEMENTARY INFORMATION

Clare Public Schools
Budgetary Comparison Schedule for the General Fund
For the Year Ended June 30, 2020

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Local sources	$ 2,009,409	$ 2,135,428	$ 2,137,211	$ 1,783
State sources	12,750,524	12,550,142	13,323,329	773,187
Federal sources	1,003,335	1,385,316	1,387,006	1,690
Other sources	7,500	7,872	7,872	-
Total revenues	15,770,768	16,078,758	16,855,418	776,660
Expenditures				
Instruction				
Basic programs	7,758,620	7,948,695	7,883,759	64,936
Added needs	2,301,186	2,413,603	2,384,061	29,542
Adult / continuing education	86,873	71,433	70,714	719
Total instruction	10,146,679	10,433,731	10,338,534	95,197
Support services				
Pupil	688,886	688,887	685,034	3,853
Instructional staff	439,815	441,829	435,745	6,084
General administration	348,676	310,841	306,894	3,947
School administration	820,498	807,879	800,661	7,218
Business services	460,958	438,215	426,656	11,559
Operation and maintenance	1,263,658	1,185,907	1,160,999	24,908
Pupil transportation	532,395	384,955	373,359	11,596
Central	529,116	477,288	473,043	4,245
Athletics	353,920	316,268	315,190	1,078
Total support services	5,437,922	5,052,069	4,977,581	74,488
Community services	19,569	19,219	17,771	1,448
Payments to other public schools	14,000	44,000	41,781	2,219
Construction and improvement	62,500	377,620	375,676	1,944
Total expenditures	15,680,670	15,926,639	15,751,343	175,296
Excess (deficiency) of revenues over expenditures	90,098	152,119	1,104,075	951,956
Other financing sources (uses)				
Proceeds from sale of capital assets	-	3,202	3,202	-
Transfers in	-	9,000	9,148	148
Transfers (out)	(70,700)	(208,200)	(208,200)	-
Net change in fund balance	19,398	(43,879)	908,225	952,104
Fund balances - beginning	3,880,849	3,880,849	3,880,849	-
Fund balances - ending	$ 3,900,247	$ 3,836,970	$ 4,789,074	$ 952,104

Clare Public Schools
Required Supplemental Information
Michigan Public School Employees Retirement Plan
Prospective 10-year trend information - Pension

Schedule of the District's Proportionate Share of the Net Per	**Plan year Sept 30, 2014**	**Plan year Sept 30, 2015**	**Plan year Sept 30, 2016**	**Plan year Sept 30, 2017**	**Plan year Sept 30, 2018**	**Plan year Sept 30, 2019**
District's proportion of net pension liability (%)	0.0791298%	0.0802999%	0.0792359%	0.0782216%	0.0785008%	0.0808497%
District's proportionate share of net pension liability	$ 17,429,523	$ 19,613,275	$ 19,768,701	$ 20,270,552	$ 23,598,758	$ 26,774,702
District's covered employee payroll	$ 6,722,422	$ 6,693,671	$ 6,677,500	$ 6,519,937	$ 6,729,903	$ 7,210,314
District's proportionate share of net pension liability as a percentage of its covered employee payroll (%)	259.27%	293.01%	296.05%	310.90%	350.66%	371.34%
Plan fiduciary net position as a percentage of total pension liability	66.20%	62.92%	63.01%	63.27%	62.36%	60.31%

Note: Amounts were determined as of 9/30 of each fiscal year.

Schedule of the District's Pension Contributions	**Fiscal year June 30, 2015**	**Fiscal year June 30, 2016**	**Fiscal year June 30, 2017**	**Fiscal year June 30, 2018**	**Fiscal year June 30, 2019**	**Fiscal year June 30, 2020**
Statutorily required pension contributions	$ 1,537,475	$ 1,824,355	$ 1,827,125	$ 2,104,454	$ 2,107,210	$ 2,228,076
Contributions in relation to required pension contributions	1,537,475	1,824,355	1,827,125	2,104,454	2,107,210	2,228,076
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District’s covered-employee payroll	$ 6,757,761	$ 6,366,764	$ 6,473,975	$ 6,676,629	$ 7,058,585	$ 7,280,972
Pension contributions as a percentage of covered-employee payroll	22.75%	28.65%	28.22%	31.52%	29.85%	30.60%

Note: Amounts were determined as of 6/30 of each year.

Notes to Required Supplementary Information - Pension

Changes of benefit terms: There were no changes of benefit terms
Changes of assumptions: There were no changes of benefit assumptions

Clare Public Schools
Required Supplemental Information
Michigan Public School Employees Retirement Plan
Prospective 10-year trend information - OPEB

Schedule of the District's Proportionate Share of the Net OPEB Liability	**Plan year Sept 30, 2017**	**Plan year Sept 30, 2018**	**Plan year Sept 30, 2019**
District's proportion of net OPEB liability (%)	0.0781943%	0.0789250%	0.0823014%
District's proportionate share of net OPEB liability	$ 6,924,477	$ 6,273,706	$ 5,907,389
District's covered employee payroll	$ 6,519,937	$ 6,729,903	$ 7,210,314
District's proportionate share of net OPEB liability as a percentage of its covered employee payroll (%)	106.20%	93.22%	81.93%
Plan fiduciary net position as a percentage of total OPEB liability	36.39%	42.95%	48.46%

Note: Amounts were determined as of 9/30 of each fiscal year.

Schedule of the District's OPEB Contributions	**Fiscal year June 30, 2018**	**Fiscal year June 30, 2019**	**Fiscal year June 30, 2020**
Statutorily required OPEB contributions	$ 531,709	$ 588,759	$ 623,294
Contributions in relation to required OPEB contributions	531,709	588,759	623,294
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered-employee payroll	$ 6,676,629	$ 7,058,585	$ 7,280,972
OPEB contributions as a percentage of covered-employee payroll	7.96%	8.34%	8.56%

Note: Amounts were determined as of 6/30 of each year.

Notes to Required Supplementary Information - OPEB

Changes of benefit terms: There were no changes of benefit terms
Changes of assumptions: There were no changes of benefit assumptions

OTHER SUPPLEMENTARY INFORMATION

Clare Public Schools
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Food Service	Student Activities	2016 Refunding	2015 Debt Service	Pioneer Development	Total Nonmajor Funds
Assets						
Cash and investments	$ 220,039	$ 308,905	$ 114,368	$ 10,144	$ 134,724	$ 788,180
Due from other governmental units	27,746	-	-	-	-	27,746
Inventory	9,230	-	-	-	-	9,230
Other current assets	50,000	-	-	-	-	50,000
Total assets	$ 307,015	$ 308,905	$ 114,368	$ 10,144	$ 134,724	$ 875,156
Liabilities						
Accounts payable	$ 24,419	$ -	$ -	$ -	$ -	$ 24,419
Due to other funds	9,148	-	-	-	-	9,148
Unearned revenues	12,328	-	-	-	-	12,328
Total liabilities	45,895	-	-	-	-	45,895
Fund balance						
Non-spendable	59,230	-	-	-	-	59,230
Restricted	201,890	308,905	114,368	10,144	134,724	770,031
Total fund balance	261,120	308,905	114,368	10,144	134,724	829,261
Total liabilities and fund balance	$ 307,015	$ 308,905	$ 114,368	$ 10,144	$ 134,724	$ 875,156

Clare Public Schools
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

	Food Service	Student Activities	2016 Refunding	2015 Debt Service	Pioneer Development	Total Nonmajor Funds
Revenues						
Local sources	$ 122,096	$ 431,903	$ 553,686	$ 210,964	$ 17,346	$ 1,335,995
State sources	34,427	-	12,266	-	-	46,693
Federal sources	523,231	-	-	-	-	523,231
Total revenues	679,754	431,903	565,952	210,964	17,346	1,905,919
Expenditures						
Support services						
Business services	-	-	246	104	-	350
Total support services	-	-	246	104	-	350
Food service	595,897		-	-	-	595,897
Student activities	-	403,985	-	-	-	403,985
Debt service						
Principal payments	-	-	475,000	195,000	-	670,000
Interest, fees and other	-	-	54,342	45,537	-	99,879
Total expenditures	595,897	403,985	529,588	240,641	-	1,770,111
Excess (deficiency) of revenues over expenditures	83,857	27,918	36,364	(29,677)	17,346	135,808
Other financing sources (uses)						
Transfers in	-	1,000	-	-	7,200	8,200
Transfers (out)	(9,148)	-	-	-	-	(9,148)
Net change in fund balance	74,709	28,918	36,364	(29,677)	24,546	134,860
Fund balances - beginning	186,411	-	78,004	39,821	110,178	414,414
Fund balances - restatement	-	279,987	-	-	-	279,987
Fund balances - ending	$ 261,120	$ 308,905	$ 114,368	$ 10,144	$ 134,724	$ 829,261