



479 E. CHICAGO STREET
P.O. BOX 215
JONESVILLE, MI 49250

PHONE: 517-849-2410
FAX: 517-849-2493
www.baileyhodshire.com

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Camden-Frontier School, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Camden-Frontier Community Schools' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Camden-Frontier School, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Camden-Frontier School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Camden-Frontier School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Camden-Frontier School's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension/OPEB information on pages 4-7 and 36-42 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted

of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Camden-Frontier School's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2023, on our consideration of Camden-Frontier School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Camden-Frontier School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Camden-Frontier School's internal control over financial reporting and compliance.

Bailey, Hodshire & Company, P.C.

Jonesville, Michigan
October 29, 2023

Our discussion and analysis of Camden-Frontier School's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2023. The management's discussion and analysis is provided at the beginning of the audit to provide, in layman's terms, the past and current position of the school district's financial condition. This summary should not be taken as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the School District's revenues and expenditures by program for the General Fund, Food Service Fund, Sinking Fund, and Student/School Activities Fund.

Using This Annual Report

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

Reporting the School District as a Whole

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

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

Reporting the School District's Most Significant Funds

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

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

The School District as a Whole

The School District's net position was \$(995,429) at June 30, 2023, an increase of \$168,465 from the prior year. Of this amount, there is an unrestricted deficit balance of \$(8,464,844). Restricted net position is reported separately to show legal constraints that limit the School District's ability to use those assets for day-to-day operations. Our analysis below focuses on the net position (Table 1) and change in net position (Table 2) of the School District's governmental activities.

TABLE 1 - NET POSITION

ASSETS	2022	2023
Current Assets	\$ 3,940,589	\$ 3,865,046
Capital Assets	6,358,787	6,260,636
Total Assets	<u>\$ 10,299,376</u>	<u>\$ 10,125,682</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension	\$ 1,246,883	\$ 3,475,120
Other Postemployment Benefits (OPEB)	901,818	1,145,404
Total Deferred Outflows of Resources	<u>\$ 2,148,701</u>	<u>\$ 4,620,524</u>
LIABILITIES		
Current Liabilities	\$ 1,703,317	\$ 1,412,710
Long-term Liabilities:		
Due Within One Year	136,179	117,510
Due in More Than One Year -		
Net Pension Liability	6,320,244	11,352,775
Net OPEB Liability	439,034	649,168
Other Amounts	462,546	315,698
Total Liabilities	<u>\$ 9,061,320</u>	<u>\$ 13,847,861</u>
DEFERRED INFLOWS OF RESOURCES		
Pension	\$ 2,620,135	\$ 358,797
OPEB	1,930,516	1,534,977
Total Deferred Inflows of Resources	<u>\$ 4,550,651</u>	<u>\$ 1,893,774</u>
NET POSITION		
Net Investment in Capital Assets	\$ 5,728,550	\$ 5,883,499
Restricted	1,385,663	1,585,916
Unrestricted	(8,278,107)	(8,464,844)
Total Net Position	<u>\$ (1,163,894)</u>	<u>\$ (995,429)</u>

The \$(995,429) deficit in net position represents the accumulated results of all past years' operations. This deficit results from liabilities and deferred inflows of resources in excess of assets and deferred outflows of resources as of June 30, 2023.

TABLE 2 - CHANGES IN NET POSITION

	2022	2023
Program Revenue		
Charges for Services	\$ 26,240	\$ 385,007
Operating Grants and Contributions	2,691,677	1,717,281
Capital Grants and Contributions	0	0
General Revenue		
Property Taxes	1,340,082	1,351,166
State Aid	4,349,538	4,744,621
Other	37,096	75,525
Total Revenue	<u>\$ 8,444,633</u>	<u>\$ 8,273,600</u>
Expenses		
Instruction	\$ 4,086,845	\$ 3,950,583
Support Services	2,812,227	2,988,543
Community Services	30,742	39,975
Food Service	422,331	485,017
Student/School Activities	234,117	310,378
Depreciation - Unallocated	207,965	268,201
Capital Outlay-Nondepreciable	11,369	53,130
Interest on Long-Term Obligations	16,926	9,308
Total Expenses	<u>\$ 7,822,522</u>	<u>\$ 8,105,135</u>
INCREASE (DECREASE) IN NET POSITION	<u>\$ 622,111</u>	<u>\$ 168,465</u>

As shown above, the cost of all of our governmental activities this year was \$8,105,135. However, the amount that our taxpayers ultimately financed for these activities through School property taxes was only \$1,351,166 because the remainder of the cost was paid by charges for services, grants, and State Aid revenue.

Major Governmental Funds Budgeting and Operating Highlights

The School District's budgets are prepared according to Michigan law. The most significant budgeted fund is the General Fund. During the fiscal year ended June 30, 2023, the School District amended the General Fund budget two times.

General Fund

For the General Fund, actual revenue was \$7,010,338, which is below the original budget estimate of \$7,877,328, and above the final amended budget of \$6,641,194.

The actual expenditures of the General Fund were \$6,992,786, which is below the original budget estimate of \$8,018,941, and above the final amended budget of \$6,946,304.

The General Fund ended the year with a fund balance of \$866,420.

Capital Asset and Debt Administration

At the end of fiscal year 2023, the School District had \$10,721,749 invested in land and buildings, furniture and equipment, vehicles, and buses. We have estimated that these assets have depreciated/amortized by \$4,461,113 through June 30, 2023; therefore, we currently have net book value of \$6,260,636. Total additions for the year totaled \$320,194. There were no deletions this year. Capital assets at year-end were as follows:

	<u>2022</u>	<u>2023</u>
Land	\$ 160,000	\$ 160,000
Buildings and Improvements	8,179,570	8,383,718
Furniture and Equipment	1,121,230	1,237,276
Vehicles	159,560	159,560
Right to use-Vehicles	781,195	781,195
Less: Accumulated Depreciation/Amortization	<u>(4,042,768)</u>	<u>(4,461,113)</u>
Total Capital Assets, net of depreciation	<u>\$ 6,358,787</u>	<u>\$ 6,260,636</u>

At June 30, 2023, the School District had \$12,491,222 in total debt outstanding, as shown below:

	<u>2022</u>	<u>2023</u>
Lease Agreements	\$ 516,523	\$ 433,208
Net Pension Liability	6,320,244	11,352,775
Net OPEB Liability	439,034	649,168
Compensated Absences	<u>82,202</u>	<u>56,071</u>
Total Long-Term Debt	<u>\$ 7,358,003</u>	<u>\$ 12,491,222</u>

Factors Bearing on the District's Future

Factors Bearing on the District's Future include enrollment, state aid, and inflationary factors which will continue to be crucial for the future of the District. The District will monitor and amend the budget as necessary in order to maintain positive fund balances in all funds.

Contacting the School District's Financial Management

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

CAMDEN-FRONTIER SCHOOL
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS	
Cash	\$ 2,707,786
Accounts Receivable	10,566
Due from Other Governmental Units	1,096,812
Prepaid Expense	49,422
Inventory	460
Capital Assets, Net of Accumulated Depreciation/Amortization	6,260,636
Total Assets	\$ 10,125,682
 DEFERRED OUTFLOWS OF RESOURCES	
Pension	\$ 3,475,120
OPEB	1,145,404
Total Deferred Outflows of Resources	\$ 4,620,524
 LIABILITIES	
Accounts Payable	\$ 177,781
Salaries & Benefits Payable	410,854
Interest Payable	11,868
Notes Payable	700,000
Unearned Revenue	112,207
Long-Term Liabilities:	
Due Within One Year	117,510
Due in More than One Year:	
Net Pension Liability	11,352,775
Net OPEB Liability	649,168
Other amounts Due in More than One Year	315,698
Total Liabilities	\$ 13,847,861
 DEFERRED INFLOWS OF RESOURCES	
Pension	\$ 358,797
OPEB	1,534,977
Total Deferred Inflows of Resources	\$ 1,893,774
 NET POSITION	
Net Investment in Capital Assets	\$ 5,883,499
Restricted for:	
Food Service	153,688
Capital Projects	1,276,273
Student/School Activities	155,955
Unrestricted	(8,464,844)
Total Net Position	\$ (995,429)

See accompanying notes to the basic financial statements.

CAMDEN-FRONTIER SCHOOL
STATEMENT OF ACTIVITIES
JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	
Instruction					
Basic Programs					
Elementary School	\$ 1,926,523	\$ 0	\$ 484,649	\$ 0	\$ (1,441,874)
Middle School	15,640	0	0	0	(15,640)
High School	826,162	0	428,010	0	(398,152)
Summer School	4,343	0	0	0	(4,343)
Added Needs					
Special Education	390,419	0	0	0	(390,419)
Compensatory Education	703,421	0	355,021	0	(348,400)
Career & Technical Education	84,075	0	0	0	(84,075)
Support Services					
Pupil Services	213,187	0	0	0	(213,187)
Instructional Staff	391,670	0	0	0	(391,670)
General Administration	192,572	0	0	0	(192,572)
School Administration	353,119	0	0	0	(353,119)
Business Services	190,301	0	0	0	(190,301)
Operation & Maintenance	634,389	0	0	0	(634,389)
Transportation	599,668	0	0	0	(599,668)
Central Services	152,445	0	0	0	(152,445)
Pupil Activities	14,840	0	0	0	(14,840)
Athletic Activities	132,387	35,138	0	0	(97,249)
Change in Pension & OPEB	113,965	0	0	0	(113,965)
Community Services	39,975	0	0	0	(39,975)
Food Service	485,017	7,456	449,601	0	(27,960)
Student/School Activities	310,378	342,413	0	0	32,035
Depreciation/Amortization – Unallocated*	268,201	0	0	0	(268,201)
Capital Outlay-Nondepreciable	53,130	0	0	0	(53,130)
Interest on Long-Term Debt	9,308	0	0	0	(9,308)
Total Governmental Activities	<u>\$ 8,105,135</u>	<u>\$ 385,007</u>	<u>\$ 1,717,281</u>	<u>\$ 0</u>	<u>\$ (6,002,847)</u>
General Revenues:					
Property Tax, levied for general purposes				\$ 885,497	
Property Tax, levied for buildings & site				465,669	
State School Aid				4,744,621	
Investment earnings				15,371	
Miscellaneous				60,154	
Total General Revenues				<u>\$ 6,171,312</u>	
Change in Net Position				\$ 168,465	
Net Position – Beginning				(1,163,894)	
Net Position - Ending				<u>\$ (995,429)</u>	

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

See accompanying notes to the basic financial statements.

**CAMDEN-FRONTIER SCHOOL
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	General Fund	Sinking Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 1,134,404	\$ 1,288,808	\$ 284,574	\$ 2,707,786
Accounts Receivable	10,529	0	37	10,566
Due from Other Funds	15,998	0	0	15,998
Due from Other Governmental Units	1,075,990	0	20,822	1,096,812
Prepaid Expenditures	28,591	0	20,831	49,422
Inventory	0	0	460	460
Total Assets	<u>\$ 2,265,512</u>	<u>\$ 1,288,808</u>	<u>\$ 326,724</u>	<u>\$ 3,881,044</u>
LIABILITIES				
Accounts Payable	\$ 175,905	\$ 0	\$ 1,876	\$ 177,781
Due to Other Funds	0	12,535	3,463	15,998
Interest Payable	11,868	0	0	11,868
Salaries & Benefits Payable	404,393	0	6,461	410,854
Notes Payable	700,000	0	0	700,000
Unearned Revenue	106,926	0	5,281	112,207
Total Liabilities	<u>\$ 1,399,092</u>	<u>\$ 12,535</u>	<u>\$ 17,081</u>	<u>\$ 1,428,708</u>
FUND BALANCES				
Nonspendable	\$ 28,591	\$ 0	\$ 21,291	\$ 49,882
Restricted	0	1,276,273	132,397	1,408,670
Committed	0	0	155,955	155,955
Assigned	380,461	0	0	380,461
Unassigned	457,368	0	0	457,368
Total Fund Balances	<u>\$ 866,420</u>	<u>\$ 1,276,273</u>	<u>\$ 309,643</u>	<u>\$ 2,452,336</u>
Total Liabilities and Fund Balances	<u>\$ 2,265,512</u>	<u>\$ 1,288,808</u>	<u>\$ 326,724</u>	<u>\$ 3,881,044</u>

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

CAMDEN-FRONTIER SCHOOL
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Position of
Governmental Activities on the Statement of Net Position
June 30, 2023

Fund Balances - total governmental funds	\$	2,452,336
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.		10,721,749
Accumulated depreciation/amortization have not been included in the governmental fund financial statements.		(4,461,113)
Bonds payable, installment loans, and capital lease obligations are not due and payable in the current period and, therefore, are not reported in the funds.		(377,137)
Compensated absences are accrued in the government-wide financial statements whereas in the governmental fund financial statements, an expenditure is reported when paid.		(56,071)
The liabilities for net pension and net OPEB are not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Deferred Outflows – Pension		3,475,120
Deferred Inflows – Pension		(358,797)
Net Pension Liability		(11,352,775)
Deferred Outflows – OPEB		1,145,404
Deferred Inflows – OPEB		(1,534,977)
Net OPEB Liability		(649,168)
Net position of governmental activities	\$	<u>(995,429)</u>

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

CAMDEN-FRONTIER SCHOOL
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

REVENUE	General Fund	Sinking Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Local Sources	\$ 977,383	\$ 473,701	\$ 350,035	\$ 1,801,119
State Sources	4,744,621	0	21,946	4,766,567
Federal Sources	1,267,680	0	427,655	1,695,335
Total Revenue	<u>\$ 6,989,684</u>	<u>\$ 473,701</u>	<u>\$ 799,636</u>	<u>\$ 8,263,021</u>
EXPENDITURES				
Instruction				
Basic Programs				
Elementary	\$ 1,924,525	\$ 0	\$ 0	\$ 1,924,525
Middle School	15,640	0	0	15,640
High School	826,162	0	0	826,162
Summer School	4,343	0	0	4,343
Added Needs				
Special Education	390,419	0	0	390,419
Compensatory Education	703,421	0	0	703,421
Career & Technical Education	84,075	0	0	84,075
Support Services				
Pupil Services	213,187	0	0	213,187
Instructional Staff	391,670	0	0	391,670
General Administration	192,572	0	0	192,572
School Administration	353,119	0	0	353,119
Business Services	190,301	0	0	190,301
Operation & Maintenance	634,389	0	0	634,389
Pupil Transportation	449,524	0	0	449,524
Central Services	178,576	0	0	178,576

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

CAMDEN-FRONTIER SCHOOL
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023
(continued)

	General Fund	Sinking Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Support Services (continued)				
Pupil Activities	14,840	0	0	14,840
Athletic Activities	132,387	0	0	132,387
Community Services	39,975	0	0	39,975
Food Service	0	0	485,017	485,017
Student/School Activities	0	0	310,378	310,378
Capital Outlay – Nondepreciable	0	53,130	0	53,130
Capital Outlay	102,969	204,148	13,077	320,194
Total Expenditures	<u>\$ 6,842,094</u>	<u>\$ 257,278</u>	<u>\$ 808,472</u>	<u>\$ 7,907,844</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>\$ 147,590</u>	<u>\$ 216,423</u>	<u>\$ (8,836)</u>	<u>\$ 355,177</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 10,075	\$ 0	\$ 0	\$ 10,075
Transfers Out	0	0	(10,075)	(10,075)
Other Sources	10,579	0	0	10,579
Other Uses	(150,692)	0	0	(150,692)
Total Other Financing Sources (Uses)	<u>\$ (130,038)</u>	<u>\$ 0</u>	<u>\$ (10,075)</u>	<u>\$ (140,113)</u>
REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ 17,552</u>	<u>\$ 216,423</u>	<u>\$ (18,911)</u>	<u>\$ 215,064</u>
FUND BALANCES - Beginning	<u>848,868</u>	<u>1,059,850</u>	<u>328,554</u>	<u>2,237,272</u>
FUND BALANCES - Ending	<u><u>\$ 866,420</u></u>	<u><u>\$ 1,276,273</u></u>	<u><u>\$ 309,643</u></u>	<u><u>\$ 2,452,336</u></u>

The accompanying notes are an integral part of this statement.

CAMDEN-FRONTIER SCHOOL
 Reconciliation of Statement of Revenue, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended June 30, 2023

Net changes in fund balances - total governmental funds \$ 215,064

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

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

Purchase/acquisition of capital assets	320,194
Depreciation/amortization expense	(418,345)

Bond/lease proceeds provide current financial resources to governmental funds in the period issued, but issuing bond/leases increases long-term debt in the statement of net position. Repayment of bond/lease principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position.

Principal payments on long-term debt	139,386
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Change in net pension liability and related deferred amounts	(542,956)
Change in net OPEB liability and related deferred amounts	428,991
Change in the accrual for compensated absences	26,131

Change in net position of governmental activities	\$ 168,465
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The accompanying notes are an integral part of these financial statements.

CAMDEN-FRONTIER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Camden-Frontier School is a K-12 public school district with an enrollment of approximately 455 students. The School District operates under a locally elected seven-member Board of Education, and the administrative staff is headed by a superintendent. The School District's boundaries encompass parts of Hillsdale County and Branch County in the State of Michigan.

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

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

Reporting Entity

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

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

Government-Wide and Fund Financial Statements

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

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

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

CAMDEN-FRONTIER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting

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

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

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

Financial Statement Presentation

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

The School District reports the following major governmental funds:

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

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

Additionally, the School District reports the following fund types:

Special Revenue Funds - Special Revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trust, or major capital projects) that are legally restricted to expenditures for specified purposes (i.e. food service activities and student/school activities).

CAMDEN-FRONTIER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Bank Deposits and Investments - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less. During the fiscal year ended June 30, 2023, there were no investment accounts.

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

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

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

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

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

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

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

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

CAMDEN-FRONTIER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

CAMDEN-FRONTIER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

NOTE 2- STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

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

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

During the year, the District incurred expenditures which were in excess of the amounts appropriated as shown in the Budgetary Comparison Schedules on pages 36 and 37.

Sinking Fund - In accordance with Section 1212(1) of the Michigan School code, the District received voter approval in November, 2020, to levy a tax of 3.5 mills (maximum) for five years, for the purpose of creating a sinking fund for the upgrade and remodeling of the buildings and facilities. In our opinion, the District is in compliance with the provisions of Section 1212(1) of the Michigan School Code.

NOTE 3 - DEPOSITS AND INVESTMENTS

State law authorizes the District to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. As of June 30, 2023, the District's deposit and investments are in accordance with statutory authority.

CAMDEN-FRONTIER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

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

The District's deposits at June 30, 2023, are as follows:

	Total Government
Deposits	<u>\$ 2,707,786</u>

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

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

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

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

Custodial Credit Risk (Deposits) - In the case of deposits, this is the risk that in the event of a financial institution failure, the District's deposits may not be recovered. As of June 30, 2023, \$2,483,505 of the District's bank balance of \$2,733,505 was exposed to custodial credit risk because it was uninsured. The District believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution. Only those institutions with an acceptable estimated risk level are used as depositories.

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

CAMDEN-FRONTIER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4 - RECEIVABLES

Receivables at June 30, 2023, consist mainly of property taxes and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of property taxes, the stable condition of State programs, and the current year guarantee of Federal funds.

A summary of the principal items of receivables follows:

State Aid	\$ 931,368
Federal grants	165,379
Local sources	<u>65</u>
Total	<u><u>\$ 1,096,812</u></u>

Governmental funds report unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, unearned revenue was recorded in the following funds:

General Fund	\$ 106,926
Food Service Fund	<u>5,281</u>
	<u><u>\$ 112,207</u></u>

NOTE 5 - FUND BALANCE CONSTRAINTS

Fund balances have been constrained for the following purposes:

	General Fund	Sinking Fund	Food Service Fund	Student/ School Activities
Nonspendable:				
Inventory	\$ 0	\$ 0	\$ 460	\$ 0
Prepaid Expenditures	28,591	0	20,831	0
Restricted:				
Capital Outlay	0	1,276,273	0	0
Food Service	0	0	132,397	0
Debt Service	0	0	0	0
Committed:				
Student/School Activities	0	0	0	155,955
Assigned:				
Budgeted expenditures in excess of revenue for 2023-24	380,461	0	0	0

**CAMDEN-FRONTIER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	Beginning Balance 7/1/2022	Additions	Deletions	Ending Balance 6/30/2023
Capital assets not being depreciated				
Land	\$ 160,000	\$ 0	\$ 0	\$ 160,000
Capital assets being depreciated				
Buildings & Improvements	\$ 8,179,570	\$ 204,148	\$ 0	\$ 8,383,718
Furniture & Equipment	1,121,230	116,046	0	1,237,276
Vehicles	159,560	0		159,560
Right to use -Vehicles	781,195	0	0	781,195
Subtotal	<u>\$ 10,241,555</u>	<u>\$ 320,194</u>	<u>\$ 0</u>	<u>\$ 10,561,749</u>
Less accumulated depreciation/amortization				
Buildings & Improvements	\$ (2,863,613)	\$ (246,794)	\$ 0	\$ (3,110,407)
Furniture & Equipment	(787,532)	(21,407)	0	(808,939)
Vehicles	(139,615)	(19,945)	0	(159,560)
Right to use -Vehicles	(252,008)	(130,199)	0	(382,207)
Subtotal	<u>\$ (4,042,768)</u>	<u>\$ (418,345)</u>	<u>\$ 0</u>	<u>\$ (4,461,113)</u>
Total capital assets being depreciated/amortized, net	<u>\$ 6,198,787</u>	<u>\$ (98,151)</u>	<u>\$ 0</u>	<u>\$ 6,100,636</u>
Total capital assets, net	<u><u>\$ 6,358,787</u></u>	<u><u>\$ (98,151)</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 6,260,636</u></u>

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

Support services	
Pupil Transportation	\$ 150,144
Unallocated	268,201
Total	<u><u>\$ 418,345</u></u>

NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances at June 30, 2023, is as follows:

Fund	Interfund Receivable	Fund	Interfund Payable
General Fund	\$ 3,463	Food Service Fund	\$ 3,463
General Fund	12,535	Sinking Fund	12,535
	<u><u>\$ 15,998</u></u>		<u><u>\$ 15,998</u></u>

The interfund balance between the General Fund and the Food Service Fund represents reimbursement for food service expenditures paid by the General Fund. The interfund balance between the Sinking Fund and the General Fund is a net figure representing reimbursement for Sinking Fund expenditures paid by General Fund.

CAMDEN-FRONTIER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES (continued)

Interfund transfers during the year consisted of the following:

Transfer from Food Service to General Fund – Indirect costs \$ 10,075

NOTE 8 - SHORT-TERM DEBT

At June 30, 2023, the District had a note payable outstanding of \$700,000. The note had an interest rate of 1.97% and a maturity date of August 21, 2023. The note was secured by the full faith and credit of the District as well as pledged state aid.

The following table outlines the District’s short-term debt activity for the year ended June 30, 2023:

Balance 6/30/2022	Additions	Payments	Balance 6/30/2023
\$ 945,000	\$ 700,000	\$ (945,000)	\$ 700,000

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

NOTE 9 - LEASES

During the 2021 fiscal year, the District entered into a six-year lease agreement as lessee for the use of 8 school buses at an interest rate of 2.82%. An initial lease liability was recorded in the amount of \$730,852. During the 2023 fiscal year, the District entered into a six-year lease agreement as lessee for the use of a wheelchair lift bus at an interest rate of 3.25%. An initial lease liability was recorded in the amount of \$50,343. As of June 30, 2023, the value of the lease liabilities was \$377,137. The District is required to make annual principal and interest payments of \$148,694. The value of the right-to-use asset as of the end of the current fiscal year was \$781,195 and had accumulated amortization of \$382,207.

NOTE 10 - LONG-TERM DEBT

The District issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. The District did not have any outstanding bonds at June 30, 2023. Other-long-term debt obligations include leases, pensions, OPEB and compensated absences.

Long-term debt activity for the year is summarized as follows:

	Balance 6/30/2022	Increases	Payments/ Reductions	Balance 6/30/2023
Leased Assets	\$ 516,523	\$ 0	\$ (139,386)	\$ 377,137
Net Pension Liability	6,320,244	5,032,531	0	11,352,775
Net OPEB Liability	439,034	210,134	0	649,168
Compensated Absences	82,202	0	(26,131)	56,071
Total	\$ 7,358,003	\$ 5,242,665	\$ (165,517)	\$ 12,435,151

**CAMDEN-FRONTIER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 - LONG-TERM DEBT (continued)

Annual debt service requirements to maturity for the lease obligations are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 145,696	\$ 10,668
2025	149,813	6,551
2026	79,646	2,319
2027	1,982	64
Total	<u>\$ 377,137</u>	<u>\$ 19,602</u>

The annual requirements to amortize compensated absences, net pension liability, and net OPEB liability are not included above.

NOTE 11 - COMPENSATED ABSENCES

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

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

NOTE 12 - PROPERTY TAXES

The School District levies its property taxes on December 1 on the taxable valuation of property located in the school district as of the preceding December 31. Various municipalities collect the property taxes and remit them to the District through March. The delinquent real property taxes of the District are purchased by the County, and delinquent personal property taxes continue to be collected by the municipalities and recorded as revenue as they are collected. The total levy for 2022 was 18.0 mills on non-homestead valuation for operational purposes and 2.94380 mills on total valuation for the sinking fund. The 2022 taxable valuation of the District totaled approximately \$158,240,000.

NOTE 13 – PENSION PLAN

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 and a fiduciary component unit of 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.

**CAMDEN-FRONTIER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 13 – PENSION PLAN (continued)

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 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% to 1.50%. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

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

Contributions

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2021 valuation will be amortized over a 17-year period beginning October 1, 2021 and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for the fiscal year ended September 30, 2022:

<u>Benefit Structure</u>	<u>Pension Contribution Rates</u>	
	<u>Member</u>	<u>Employer</u>
Basic	0.0 – 4.0 %	20.14 %
Member Investment Plan	3.0 – 7.0	20.14%
Pension Plus	3.0 – 6.4	17.22%
Pension Plus 2	6.2	19.93%
Defined Contribution	0.0	13.73%

CAMDEN-FRONTIER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 13 – PENSION PLAN (continued)

Regular contributions to the pension plan from Camden-Frontier School were \$1,027,425 for the year ended September 30, 2022.

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

At June 30, 2023, Camden-Frontier School reported a liability of \$11,352,775 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2021. Camden-Frontier School’s proportion of the net pension liability was determined by dividing each employer’s statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2022, Camden-Frontier School’s proportion was .03018655% which was an increase of .349116% from its proportion measured at September 30, 2021.

For the year ended June 30, 2023 Camden-Frontier School recognized pension expense of \$1,505,730. At June 30, 2023, Camden-Frontier School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 113,567	\$ 25,384
Changes of assumptions	1,950,814	0
Net difference between projected and actual earnings on pension plan investments	26,622	0
Changes in proportion and differences between Employer contributions and proportionate share of contributions	828,308	333,413
District contributions subsequent to the measurement date	555,809	0
Total	\$ 3,475,120	\$ 358,797

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, 2024. 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)**

Year	Amount
2023	\$ (647,659)
2024	(564,270)
2025	(604,586)
2026	(743,999)

**CAMDEN-FRONTIER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 13 – PENSION PLAN (continued)

Actuarial Assumptions

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

Actuarial Assumptions

Valuation Date:	September 30, 2021
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	
- MIP Basic Plans	6.00% net of investment expenses
- Pension Plus Plan	6.00% net of investment expenses
- Pension Plus 2	6.00% net of investment expenses
Projected Salary Increases:	2.75%-11.55% including wage inflation at 2.75%
Cost-of-Living Pension Adjustments	3.0% Annual Non-Compounded for MIP Members
Mortality: Retirees:	RP-2014 Male and Female Health Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006
Active Members:	RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Notes:

- Assumption changes as a result of an experience study for the periods 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2018 valuation. The total pension liability as of September 30, 2022, is based on the results of an actuarial valuation date of September 30, 2021, 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: 4.3922
- Recognition period for assets in years is 5.0000
- Full actuarial assumptions are available in the 2022 MPSERS Comprehensive Annual Financial Report found on the ORS website at michigan.gov/orsschools

CAMDEN-FRONTIER SCHOOL
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023

NOTE 13 – PENSION PLAN (continued)

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of September 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.00%	5.1%
Private Equity Pools	16.0	8.7
International Equity	15.0	6.7
Fixed Income Pools	13.0	(0.2)
Real Estate and Infrastructure Pools	10.0	5.3
Absolute Return Pools	9.0	2.7
Real Return/Opportunistic Pools	10.0	5.8
Short Term Investment Pools	2.0	(0.5)
Total	100.00%	

*Long term rate of return are net of administrative expenses and 2.2% inflation.

Rate of Return

For the fiscal year ended September 30, 2022, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was (4.18)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 6.00% was used to measure the total pension liability (6.00% for the Pension Plus Plan, 6.0% for the Pension Plus 2 plan). This discount rate was based on the long term expected rate of return on pension plan investments of 6.00% (6.00% for the Pension Plus Plan, 6.0% for the Pension Plus 2 plan). The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents Camden-Frontier School’s proportionate share of the net pension liability, calculated using the discount rate of 6.00% (6.00% for the Pension Plus Plan, 6.0% for the Pension Plus 2 plan), as well as what Camden-Frontier School’s proportionate share of the net pension liability would

CAMDEN-FRONTIER SCHOOL
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023

NOTE 13 – PENSION PLAN (continued)

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

1% Decrease 5.00%	Current Single Discount Rate Assumption 6.00%	1% Increase 7.00%
\$14,981,445	\$11,352,775	\$8,362,587

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

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

NOTE 14 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

The Michigan Public School Employees' Retirement System (System or MPERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan and a fiduciary component unit of 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 michigan.gov/orsschools

Benefits Provided

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

**CAMDEN-FRONTIER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 14– POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)
2013; 90% for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

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

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

Contributions

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

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2021 valuation will be amortized over a 17-year period beginning October 1, 2021 and ending September 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for fiscal year ended September 30, 2022.

OPEB Contribution Rates

<u>Benefit Structure</u>	<u>Member</u>	<u>Employer</u>
Premium Subsidy	3.0 %	8.09 %
Personal Healthcare Fund (PHF)	0.0 %	7.23 %

Required contributions to the OPEB plan from Camden-Frontier School were \$233,465 for the year ended September 30, 2022.

CAMDEN-FRONTIER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 14– POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

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

At June 30, 2023, Camden-Frontier School reported a liability of \$649,168 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2021. Camden-Frontier School’s proportion of the net OPEB liability was determined by dividing each employer’s statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2022, Camden-Frontier School’s proportion was .03064915% which was an increase of .1886% from its proportion measured as of October 1, 2021.

For the year ending June 30, 2023, Camden-Frontier School recognized OPEB expense of \$218,881. At June 30, 2023, Camden-Frontier School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between actual and expected experience	\$ 0	\$ 1,271,472
Changes of Assumptions	578,624	47,115
Net difference between projected and actual earnings on OPEB plan investments	50,738	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	323,943	216,390
Employer contributions subsequent to the measurement date	<u>192,099</u>	<u>0</u>
Total	<u>\$ 1,145,404</u>	<u>\$ 1,534,977</u>

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. 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)

<u>Year</u>	<u>Amount</u>
2023	\$ (227,236)
2024	(223,536)
2025	(197,779)
2026	50,540
2027	12,305
Thereafter	4,124

**CAMDEN-FRONTIER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 14– POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date:	September 30, 2021
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.00% net of investment expenses
Projected Salary Increases:	2.75% - 11.55%, including wage inflation at 2.75%
Healthcare Cost Trend Rate:	Pre-65: 7.75% year 1 graded to 3.5% year 15; 3.0% year 120 Post-65: 5.25% year 1 graded to 3.5% year 15; 3.0% year 120
Mortality: Retirees:	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Active:	RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Other Assumptions:

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

Notes:

- Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual OPEB valuations beginning with the September 30, 2018 valuation. The total OPEB liability as of September 30, 2022, is based on the results of an actuarial valuation date of September 30, 2021, 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: 6.2250
- Recognition period for assets in years is 5.0000
- Full actuarial assumptions are available in the 2022 MPSERS Comprehensive Annual Financial Report found on the ORS website at michigan.gov/orsschools.

CAMDEN-FRONTIER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 14– POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan’s target asset allocation as of September 30, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.00%	5.1%
Private Equity Pools	16.0	8.7
International Equity	15.0	6.7
Fixed Income Pools	13.0	(0.2)
Real Estate and Infrastructure Pools	10.0	5.3
Absolute Return Pools	9.0	2.7
Real Return/Oppportunistic Pools	10.0	5.8
Short Term Investment Pools	2.0	(0.5)
Total	100.00%	

**Long-term rates of return are net of administrative expenses and 2.2% inflation.*

Rate of Return

For the fiscal year ended September 30, 2022, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was (4.99)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

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

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

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

**CAMDEN-FRONTIER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 14– POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)
share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

1% Decrease	Current Discount Rate	1% Increase
5.00%	6.00%	7.00%
\$1,088,917	\$649,168	\$278,845

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

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

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$271,841	\$649,168	\$1,072,726

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued 2022 MPSERS CAFR, available on the ORS website at michigan.gov/orsschools

NOTE 15 - RISK MANAGEMENT

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

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

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

NOTE 16 - UNEMPLOYMENT TAXES

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

NOTE 17 - COMMITMENTS

In its September, 2023, meeting the Board approved borrowing up to \$880,000 in anticipation of State Aid for the 2023-24 school year.

CAMDEN-FRONTIER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 18 – TAX ABATEMENTS

GASB Statement No. 77, Tax Abatement Disclosures requires the disclosure of tax abatement information about (1) a reporting government’s own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government’s tax revenue. As of June 30, 2023, the District did not have any tax abatement agreements, and there were no tax abatement agreements entered into by other governments that reduced the District’s tax revenue.

NOTE 19 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 29, 2023, the date on which the financial statements were available to be issued.

NOTE 20 – UPCOMING ACCOUNTING PRONOUNCEMENTS (continued)

In June 2023, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior period, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2023-2024 fiscal year.

In June 2023, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used by not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee’s pay rate as of the date of the financial statements. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

CAMDEN-FRONTIER SCHOOL
SCHEDULE OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budget		Actual	Actual
	Original	Final		Over (Under) Final Budget
REVENUE				
Local Sources	\$ 830,925	\$ 967,388	\$ 977,383	\$ 9,995
State Sources	4,430,701	4,525,688	4,744,621	218,933
Federal Sources	2,612,414	1,135,528	1,267,680	132,152
Total Revenue	<u>\$ 7,874,040</u>	<u>\$ 6,628,604</u>	<u>\$ 6,989,684</u>	<u>\$ 361,080</u>
EXPENDITURES				
Instruction				
Basic Programs	\$ 4,415,286	\$ 2,787,127	\$ 2,770,670	\$ (16,457)
Added Needs	464,370	1,272,622	1,177,915	(94,707)
Support Services				
Pupil Services	59,381	221,265	213,187	(8,078)
Instructional Staff	381,361	257,876	391,670	133,794
General Administration	214,315	212,203	192,572	(19,631)
School Administration	289,615	336,201	353,119	16,918
Business Services	185,055	196,503	190,301	(6,202)
Operation & Maintenance	1,111,513	617,936	634,389	16,453
Pupil Transportation	698,131	466,667	449,524	(17,143)
Other Support Services	199,914	305,790	325,803	20,013
Community Services	0	39,876	39,975	99
Capital Outlay	0	44,900	102,969	58,069
Total Expenditures	<u>\$ 8,018,941</u>	<u>\$ 6,758,966</u>	<u>\$ 6,842,094</u>	<u>\$ 83,128</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>\$ (144,901)</u>	<u>\$ (130,362)</u>	<u>\$ 147,590</u>	<u>\$ 277,952</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers in	\$ 3,288	\$ 9,354	\$ 10,075	\$ 721
Operating Transfers out	0	(917)	0	917
Other Sources	0	3,236	10,579	7,343
Other Uses	0	(186,421)	(150,692)	35,729
Total Other Financing Sources (Uses)	<u>\$ 3,288</u>	<u>\$ (174,748)</u>	<u>\$ (130,038)</u>	<u>\$ 44,710</u>
REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ (141,613)</u>	<u>\$ (305,110)</u>	<u>\$ 17,552</u>	<u>\$ 322,662</u>
FUND BALANCES - Beginning	<u>848,868</u>	<u>848,868</u>	<u>848,868</u>	<u>0</u>
FUND BALANCES - Ending	<u><u>\$ 707,255</u></u>	<u><u>\$ 543,758</u></u>	<u><u>\$ 866,420</u></u>	<u><u>\$ 322,662</u></u>

The accompanying notes are an integral part of this statement

CAMDEN-FRONTIER SCHOOL
 SCHEDULE OF REVENUE, EXPENDITURES AND
 CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
 SINKING FUND
 FOR THE YEAR ENDED JUNE 30, 2023

	Budget		Actual	Actual
	Original	Final		Over (Under) Final Budget
REVENUE				
Property Taxes	\$ 466,636	\$ 449,707	\$ 465,669	\$ 15,962
Interest Income	1,975	1,885	8,032	6,147
Total Revenue	<u>\$ 468,611</u>	<u>\$ 451,592</u>	<u>\$ 473,701</u>	<u>\$ 22,109</u>
EXPENDITURES				
Capital Outlay-Nondepreciable	\$ 0	\$ 45,135	\$ 53,130	\$ 7,995
Capital Outlay-Depreciable	260,800	199,403	204,148	4,745
Total Expenditures	<u>\$ 260,800</u>	<u>\$ 244,538</u>	<u>\$ 257,278</u>	<u>\$ 12,740</u>
REVENUE OVER (UNDER) EXPENDITURES	\$ 207,811	\$ 207,054	\$ 216,423	\$ 9,369
FUND BALANCES - Beginning	<u>1,059,850</u>	<u>1,059,850</u>	<u>1,059,850</u>	<u>0</u>
FUND BALANCES - Ending	<u><u>\$ 1,267,661</u></u>	<u><u>\$ 1,266,904</u></u>	<u><u>\$ 1,276,273</u></u>	<u><u>\$ 9,369</u></u>

The accompanying notes are an integral part of this statement

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
A. District's proportion of net pension liability (%)		0.03018655%	0.02669537%	0.02690085%	0.02990605%	0.02879283%	0.0241188%	0.0275266%	0.02825%	0.02976%
B. District's proportionate share of net pension liability		\$ 11,352,775	\$ 6,320,244	\$ 9,240,735	\$ 9,903,878	\$ 8,655,644	\$ 7,103,583	\$ 6,867,661	\$ 6,901,062	\$ 6,553,997
C. District's covered-employee payroll		\$ 3,050,512	\$ 2,644,310	\$ 2,208,414	\$ 2,588,751	\$ 2,548,258	\$ 2,297,009	\$ 2,291,761	\$ 2,404,100	\$ 2,663,818
D. District's proportionate share of net pension liability as a percentage of its covered-employee payroll		372.16%	239.01%	418.43%	382.57%	339.67%	309.25%	299.67%	287.05%	246.04%
E. Plan fiduciary net position as a percentage of total pension liability		60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
A. Statutorily required contributions	\$	744,205	\$ 789,855	\$ 697,113	\$ 664,062	\$ 656,429	\$ 618,017	\$ 569,619	\$ 589,756	\$ 604,559
B. Contributions in relation to statutorily required contributions		744,205	789,855	697,113	664,062	656,429	618,017	569,619	589,756	604,559
C. Contribution deficiency (excess)	\$	0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
D. District's covered-employee payroll	\$	2,744,119	\$ 2,975,241	\$ 2,529,208	\$ 2,294,903	\$ 2,537,877	\$ 2,493,120	\$ 2,275,041	\$ 2,340,906	\$ 2,500,176
E. Contributions as a percentage of covered employee payroll		27.12%	26.55%	27.56%	28.94%	25.86%	24.79%	25.04%	25.19%	24.18%

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

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
A. District's proportion of net OPEB liability (%)					0.03064915%	0.02876313%	0.02473004%	0.02945369%	0.02982799%	0.02729823%
B. District's proportionate share of net OPEB liability					\$ 649,168	\$ 439,034	\$ 1,324,854	\$ 2,114,112	\$ 2,371,013	\$ 2,417,387
C. District's covered payroll (OPEB)					\$ 3,050,512	\$ 2,644,310	\$ 2,208,414	\$ 2,588,751	\$ 2,548,258	\$ 2,297,009
D. District's proportionate share of net OPEB liability as a percentage of its covered payroll (%)					21.28%	16.60%	59.99%	81.67%	93.04%	105.24%
E. Plan fiduciary net position as a percentage of total OPEB liability					83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

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

	<u>2027</u>	<u>2026</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
A. Statutorily required OPEB contributions					\$ 251,249	\$ 306,977	\$ 262,843	\$ 220,666	\$ 251,528	\$ 233,280
B. OPEB Contributions in relation to statutorily required contributions					<u>251,249</u>	<u>306,977</u>	<u>262,843</u>	<u>220,666</u>	<u>251,528</u>	<u>233,280</u>
C. Contribution deficiency (excess)					<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
D. District's covered-employee payroll (OPEB)					\$ 2,744,119	\$ 2,975,241	\$ 2,529,208	\$ 2,294,903	\$ 2,537,877	\$ 2,493,120
E. OPEB Contributions as a percentage of covered payroll					9.16%	10.32%	10.39%	9.62%	9.91%	9.36%

CAMDEN-FRONTIER SCHOOL
Notes to Required Supplementary Information
for the Year Ended June 30, 2023

Pension Information

Changes of benefit terms: There were no changes of benefit terms in FY 2022.

Changes of benefit assumptions: There were no changes of benefit assumptions in FY 2022.

OPEB Information

Changes of benefit terms: There were no changes of benefit terms in FY 2022.

Changes of benefit assumptions: There were no changes of benefit assumptions in FY 2022.

CAMDEN-FRONTIER SCHOOL
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2023

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Food Service Fund	Student/ School Activities	
ASSETS			
Cash	\$ 128,619	\$ 155,955	\$ 284,574
Accounts Receivable	37	0	37
Due from Other Funds	0	0	0
Due from Other Governmental Units	20,822	0	20,822
Prepaid Expenditures	20,831	0	20,831
Inventory	460	0	460
Total Assets	<u>\$ 170,769</u>	<u>\$ 155,955</u>	<u>\$ 326,724</u>
LIABILITIES			
Accounts Payable	\$ 1,876	\$ 0	\$ 1,876
Due to Other Funds	3,463	0	3,463
Salaries & Benefits Payable	6,461	0	6,461
Unearned Revenue	5,281	0	5,281
Total Liabilities	<u>\$ 17,081</u>	<u>\$ 0</u>	<u>\$ 17,081</u>
FUND BALANCE			
Nonspendable	\$ 21,291	\$ 0	\$ 21,291
Restricted	132,397	0	132,397
Committed	0	155,955	155,955
Assigned	0	0	0
Unassigned	0	0	0
Total Fund Balances	<u>\$ 153,688</u>	<u>\$ 155,955</u>	<u>\$ 309,643</u>
Total Liabilities & Fund Balances	<u>\$ 170,769</u>	<u>\$ 155,955</u>	<u>\$ 326,724</u>

CAMDEN-FRONTIER SCHOOL
 COMBINING STATEMENT OF REVENUE, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Food Service Fund	Student/ School Activities	
REVENUE			
Food Service Sales	\$ 7,456	\$ 0	\$ 7,456
State School Aid	21,946	0	21,946
Federal National School Lunch Program	427,655	0	427,655
Student/School Activities	0	342,413	342,413
Interest Income	163	0	163
Miscellaneous Income	3	0	3
Total Revenue	<u>\$ 457,223</u>	<u>\$ 342,413</u>	<u>\$ 799,636</u>
EXPENDITURES			
Salaries & Wages	\$ 79,358	\$ 0	\$ 79,358
Employee Benefits	45,049	0	45,049
Purchased Services	877	0	877
Supplies & Materials	354,490	0	354,490
Other	5,243	0	5,243
Student/School Activities	0	310,378	310,378
Capital Outlay-Depreciable	13,077	0	13,077
Total Expenditures	<u>\$ 498,094</u>	<u>\$ 310,378</u>	<u>\$ 808,472</u>
Excess of Revenue Over (Under) Expenditures	<u>\$ (40,871)</u>	<u>\$ 32,035</u>	<u>\$ (8,836)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	\$ 0	\$ 0	\$ 0
Transfers Out	(10,075)	0	(10,075)
Total Other Financing Sources (Uses)	<u>\$ (10,075)</u>	<u>\$ 0</u>	<u>\$ (10,075)</u>
Net Change in Fund Balances	<u>\$ (50,946)</u>	<u>\$ 32,035</u>	<u>\$ (18,911)</u>
FUND BALANCES – Beginning	<u>204,634</u>	<u>123,920</u>	<u>328,554</u>
FUND BALANCES – Ending	<u><u>\$ 153,688</u></u>	<u><u>\$ 155,955</u></u>	<u><u>\$ 309,643</u></u>

**CAMDEN-FRONTIER SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor Pass-Through Grantor Program Title - Grant Number	Federal ALN Number	Pass-through Grantor's Number	Award Amount	Accrued or (Deferred) Revenue 7/1/2022	(Memo Only) Prior Year Expenditures	Current Year Receipts	Current Year Expenditures	Adjustments and Transfers	Accrued (Deferred) Revenue 6/30/2023
U.S. Department of Agriculture:									
Passed through Michigan Department of Education:									
Child Nutrition Cluster:									
Non-cash assistance (U.S.D.A. commodities):									
Entitlement Commodities	10.555		\$ 30,058	\$ 0	\$ 0	\$ 30,058	\$ 30,058	\$ 0	\$ 0
Bonus Commodities			3,975	0	0	3,975	3,975	0	0
			<u>\$ 34,033</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 34,033</u>	<u>\$ 34,033</u>	<u>\$ 0</u>	<u>\$ 0</u>
Cash assistance:									
School Breakfast Program	10.553	221970	\$ 23,179	\$ 0	\$ 0	\$ 23,179	\$ 23,179	\$ 0	\$ 0
		231970	131,626	0	0	127,436	131,626	0	4,190
			<u>\$ 154,805</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 150,615</u>	<u>\$ 154,805</u>	<u>\$ 0</u>	<u>\$ 4,190</u>
National School Lunch Program	10.553	221960	\$ 29,881	\$ 0	\$ 0	\$ 29,881	\$ 29,881	\$ 0	\$ 0
		231960	198,157	0	0	191,405	198,157	0	6,752
			<u>\$ 228,038</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 221,286</u>	<u>\$ 228,038</u>	<u>\$ 0</u>	<u>\$ 6,752</u>
Total Child Nutrition Cluster			<u>\$ 416,876</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 405,934</u>	<u>\$ 416,876</u>	<u>\$ 0</u>	<u>\$ 10,942</u>
Local Food for Schools	10.185		<u>\$ 2,748</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,748</u>	<u>\$ 2,748</u>	<u>\$ 0</u>	<u>\$ 0</u>
COVID-19 Pandemic EBT Local Level Costs	10.649	210980	<u>\$ 628</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 628</u>	<u>\$ 628</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total U.S. Department of Agriculture			<u>\$ 420,252</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 409,310</u>	<u>\$ 420,252</u>	<u>\$ 0</u>	<u>\$ 10,942</u>

**CAMDEN-FRONTIER SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor Pass-Through Grantor Program Title - Grant Number	Federal ALN Number	Pass-through Grantor's Number	Award Amount	Accrued or (Deferred) Revenue 7/1/2022	(Memo Only) Prior Year Expenditures	Current Year Receipts	Current Year Expenditures	Adjustments and Transfers	Accrued (Deferred) Revenue 6/30/2023
U.S. Department of Education:									
Passed through Michigan Department of Education:									
Title I Part A	84.010	221530/2122	\$ 342,716	\$ 124,832	\$ 325,359	\$ 130,821	\$ 5,989	\$ 0	\$ 0
		231530/2223	368,241	0	0	286,109	339,370	0	53,261
			<u>\$ 710,957</u>	<u>\$ 124,832</u>	<u>\$ 325,359</u>	<u>\$ 416,930</u>	<u>\$ 345,359</u>	<u>\$ 0</u>	<u>\$ 53,261</u>
Title V Part B - Rural Education	84.358	220660/2122	\$ 16,160	\$ 5,301	\$ 5,526	\$ 5,301	\$ 0	\$ 0	\$ 0
		230660/2223	23,963	0	0	9,662	9,662	0	0
			<u>\$ 40,123</u>	<u>\$ 5,301</u>	<u>\$ 5,526</u>	<u>\$ 14,963</u>	<u>\$ 9,662</u>	<u>\$ 0</u>	<u>\$ 0</u>
Title II Part A – Supporting Effective Instruction	84.367	220520/2122	\$ 61,949	\$ 5,000	\$ 54,355	\$ 11,042	\$ 6,042	\$ 0	\$ 0
		230520/2223	42,208	0	0	31,296	31,296	0	0
			<u>\$ 104,157</u>	<u>\$ 5,000</u>	<u>\$ 54,355</u>	<u>\$ 42,338</u>	<u>\$ 37,338</u>	<u>\$ 0</u>	<u>\$ 0</u>
Title IV Part A - Student Support & Academic Enrichment	84.424	220750/2122	\$ 29,270	\$ 1,666	\$ 22,249	\$ 2,438	\$ 772	\$ 0	\$ 0
		230750/2223	29,569	0	0	16,964	16,964	0	0
			<u>\$ 58,839</u>	<u>\$ 1,666</u>	<u>\$ 22,249</u>	<u>\$ 19,402</u>	<u>\$ 17,736</u>	<u>\$ 0</u>	<u>\$ 0</u>
Education Stabilization Fund									
GEER Funds - K-12	84.425C	201200/2021	\$ 31,528	\$ 2,365	\$ 2,365	\$ 2,365	\$ 0	\$ 0	\$ 0
		211222/2022	4,175	4,175	4,175	4,175	0	0	0
ESSER I - Formula	84.425D	203710/1920	207,780	4,066	6,716	3,558	0	(508)	0
ESSER II - Formula	84.425D	213712/2021	1,091,412	406,489	851,349	470,194	63,705	0	0
ESSER III - Formula	84.425U	213713/2122	2,293,631	393,762	711,249	1,081,363	799,718	0	112,117
			<u>\$ 3,628,526</u>	<u>\$ 810,857</u>	<u>\$ 1,575,854</u>	<u>\$ 1,561,655</u>	<u>\$ 863,423</u>	<u>\$ (508)</u>	<u>\$ 112,117</u>
Total U.S. Department of Education			<u>\$ 4,542,602</u>	<u>\$ 947,656</u>	<u>\$ 1,983,343</u>	<u>\$ 2,055,288</u>	<u>\$ 1,273,518</u>	<u>\$ (508)</u>	<u>\$ 165,378</u>
U.S. Department of Health and Human Services:									
Passed through Hillsdale County Intermediate School District:									
Medical Assistance Program	93.778		\$ 2,073	\$ 0	\$ 0	\$ 2,073	\$ 2,073	\$ 0	\$ 0
Total U.S. Department of Health and Human Services			<u>\$ 2,073</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,073</u>	<u>\$ 2,073</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Federal Financial Assistance			<u>\$ 4,964,927</u>	<u>\$ 947,656</u>	<u>\$ 1,983,343</u>	<u>\$ 2,466,671</u>	<u>\$ 1,695,843</u>	<u>\$ (508)</u>	<u>\$ 176,320</u>

CAMDEN-FRONTIER SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

NOTES:

1. This schedule includes the federal grant activity of Camden-Frontier Community School and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and reconciles with the amounts presented in the financial statements, except for one adjustment. The District returned \$508 to the State of Michigan due to a duplicated entry on a grant expenditure report.
2. Management has utilized the Grants Section Auditors Report (Form R7120) and CMS Grant Auditor Report (GAR) in preparing this schedule.
3. The amounts reported on the Recipient Entitlement Balance Report agree with this schedule for USDA donated food commodities.
4. The Child Nutrition Cluster (ALN #10.553 and 10.555) and the Education Stabilization Fund (ALN #84.425) were audited as major programs, representing 75.5% of total Federal expenditures.
5. Camden-Frontier School has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance

CAMDEN-FRONTIER SCHOOL
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 JUNE 30, 2023

Financial Statements

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

Federal Awards

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

Major Programs

<u>ALN Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553 and 10.555	Child Nutrition Cluster
84.425	Education Stabilization Fund
Dollar threshold to distinguish between Type A and Type B programs:	\$750,000
Auditee qualifies as low-risk auditee?	_____ Yes _____ <u>X</u> _____ No

SECTION II – FINANCIAL STATEMENT FINDINGS

2023-001

Type of finding: Noncompliance, expenditures in excess of budget

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

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

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

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

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

View of Responsible Officials: We agree with the recommendation and will take the proper steps to monitor the budget in the future.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

CAMDEN-FRONTIER SCHOOL
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 JUNE 30, 2023

SECTION IV – SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
 FINANCIAL STATEMENT FINDINGS

None

FEDERAL AWARD FINDINGS

Finding Number	ALN Nmber	Description	Questioned Costs	Current Status
U.S. Department of Agriculture:				
2022-001	10.555 10.559	Excess fund equity	None	Corrected

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Camden-Frontier School as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Camden-Frontier School's basic financial statements, and have issued our report thereon dated October 29, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Camden-Frontier School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2003-001.

Camden-Frontier School's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Camden-Frontier School's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. Camden-Frontier School's was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion the response..

Purpose of this Report

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

Bailey, Hodshire & Company, P.C.

Jonesville, Michigan
October 29, 2023

479 E. CHICAGO STREET
P.O. BOX 215
JONESVILLE, MI 49250

PHONE: 517-849-2410
FAX: 517-849-2493
www.baileyhodshire.com

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Camden-Frontier School's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Camden-Frontier School's major federal programs for the year ended June 30, 2023. Camden-Frontier School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Camden-Frontier School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Camden-Frontier School's federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Camden-Frontier School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Camden-Frontier School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Camden-Frontier School's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant

deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Bailey, Hodshire & Company, P.C.

Jonesville, Michigan

October 29, 2023