

JOHNSON & RENNIE, LLC
CERTIFIED PUBLIC ACCOUNTANTS

Rodney R. Johnson, CPA
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Members
American Institute of CPA's
Michigan Association of CPA's
Wisconsin Institute of CPA's

October 18, 2023

Carney Nadeau Public School
Board of Education
Carney, Michigan

We have audited the financial statements of Carney Nadeau Public School, for the year ended June 30, 2023 and have issued our report thereon dated October 18, 2022. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated April 19, 2023, our responsibility as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute assurance that the financial statements are free of material misstatement.

As part of our audit we considered the internal control of the School District. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgement, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Our audit of the School District's financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we are obligated to communicate certain matters that come to our attention related to our audit to those responsible for the governance of the School District, including compliance with certain provisions of laws, regulations, contracts, grant agreements, certain instances of error or fraud, illegal acts applicable to government agencies, and significant deficiencies in internal control that we identify during our audit. Toward this end, we issued a separate letter dated October 18, 2023, regarding our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on April 19, 2023.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Carney Nadeau Public School are described in Note 1 to the financial statements.

We noted no transactions entered into by the School District during the year for which there is a lack of authoritative guidance or consensus.

We noted no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ slightly from those expected.

The most sensitive estimate affecting the financial statements was the School District's share of the MPSERS and OPEB pension plans net pension liability recorded on the government-wide statements for the implementation of GASB Statement No. 75. The School District's estimate as of June 30, 2023 is \$6,624,702 and is based on data received from the Office of Retirement Services. We evaluated the key factors and assumptions used to develop the liability in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report.

We are pleased to report that no such significant disagreements arose during the course of our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial and communicate them to the appropriate level of management.

We did not detect any misstatements as a result of audit procedures

Significant Finding or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the School District and business plans and strategies that may affect the risks of material misstatement with management each year prior to our retention of the Schools District's auditors. However, these discussions occurred in the normal course of our professional relationships and our responses were not a condition of our retention.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 18, 2023.

Management Consultations with Other Independent Accountants

In some cases management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the School District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge there were no such consultations with other accountants.

Very truly yours,

Johnson & Rennie, LLC
Menominee, Michigan
October 18, 2023

Carney Nadeau Public School

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Carney Nadeau Public School

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To the Board of Education
Carney Nadeau Public School
Carney, Michigan

INDEPENDENT AUDITOR'S REPORT

OPINIONS

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Carney Nadeau Public School, Carney, Michigan as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise of the School's 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 Carney Nadeau Public School, Carney, Michigan as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof 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. 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 the School's, 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 the 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 assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is 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, 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 the 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 the 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, the major fund budgetary comparison schedule and the pension and OPEB system schedules of funding progress and employer contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

OTHER SUPPLEMENTARY INFORMATION

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The other supplemental information as identified in the table of contents is presented for the 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 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENTAL AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report letter dated October 18, 2023, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting or on compliance and results of that testing and not to provide an opinion on the effectiveness of the School's internal control over financial reporting on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



Johnson & Rennie, LLC
Menominee, Michigan
October 18, 2023

Carney Nadeau Public School
Management's Discussion and Analysis
Year Ended June 30, 2023

Management's Discussion and Analysis

This section of the Carney Nadeau School District's annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2023. It is to be read in conjunction with the School District's financial statements, which immediately follow. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* and is intended to provide the financial results for the fiscal year ending June 30, 2023.

District-Wide Financial Statements

The District-Wide financial statements appear first in the financial report. These financial statements include the statement of net position and the statement of activities. They report information about the School District as a whole. The statements prepared using the accrual basis of accounting which is the accounting method used by most private sector businesses. The statement of net position includes all of the School District's assets and liabilities. All current year revenues and expenses are reported for in the statement of activities. The two statements report the Governmental activities of the School District that include all services performed by the School District including but not limited to instruction, support services, food services, athletics and debt service. These activities are funded mostly by State aid as determined by pupil counts, Federal and State grants and local property taxes.

The statement of net position as stated previously, shows the School District's assets and liabilities. The corresponding balance between the amounts calculates the net assets or deficits of the School District. A deficit occurs when there are more liabilities than there are assets to pay those liabilities. This statement measures the financial strength of the School District; the greater the net position figure, the healthier the School District generally is. This shows if the School District will be able to fund their current obligations and shows what they have available for future use.

The statement of activities shows the current year change in net position on a revenue less expenditure basis. It generally shows the operating results for a given year of the School District. Any excess of revenues over expenditures results in a surplus for the year that in turn increases the net position (or reduces a deficit) available to fund future needs of the School District.

Fund Financial Statements

The School District's fund financial statements show detail of funds that are determined to be significant, called major funds. The funds that are separately stated as major funds are:

- General Fund - which is the operating fund
- Community Schools Fund - this fund accounts for adult education in which the School is fiscal agent

The School implemented GASB 84 during the previous year end June 30, 2020. This statement establishes criteria for identifying Fiduciary Activities. This change is reflected in the new Special Revenue Fund called Activities Fund.

Carney Nadeau Public School
Management's Discussion and Analysis (continued)
Year Ended June 30, 2023

Fund Financial Statements (Continued)

All other funds of the School District are considered non-major and are reported as one column. Separate funds are often required to be set up and separately recorded due to State or Federal statutes or by bond covenants or other contractual agreements. The School District may also choose to set up separate funds to better control and track certain monies. All of the School District's services are reported in Governmental types. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The School District has the following non-major Governmental Funds:

- Food Service Fund – which accounts for the Breakfast and Hot Lunch Programs
- Activities Fund – Accounting for Organizations that the School controls
- 2003 and 2018 Sinking Fund – for Capital Projects
- Debt Service Fund – Accounting for Repayments of Bonds
- 2021 Capital Projects Fund – Accounts for Bond proceeds and Capital outlay

Fiduciary Funds are funds that account for certain activities in which the School District acts as a trustee or in an agent capacity. The school maintains Private Purpose Trust Funds which is a scholarship fund used for proceeds from donations for student scholarships. These activities are not included in the District-Wide financial statements as they represent resources that are not available for the School District's operations.

Governmental Funds are accounted for by using an accounting method called modified accrual accounting (flow of current financial resources measurement focus). This method records revenues when all applicable eligibility requirements are met and resources are available to finance expenditures of the fiscal period. Expenditures are recorded when the related liability is incurred. The Governmental Fund financial statements show detail of operations for a given year according to this method of accounting. This is similar to how the School District reported their finances in the past. The individual fund statements help determine what financial resources are available on a short-term basis to fund operations.

Since the District-Wide financial statements and the fund financial statements use different methods of accounting to report the School District's financial condition, a reconciliation is included in the financial statements showing the differences between the two types of statements.

Carney Nadeau Public School
Management's Discussion and Analysis (continued)
Year Ended June 30, 2023

District-Wide Financial Statements – Condensed Financial Information
Statement of Net Position

The following table shows the Governmental Activities condensed statement of net position with a detailed analysis of the statement below.

	Governmental Activities	
	2023	2022
Assets		
Current Assets:		
Cash and investments	\$ 1,205,027	\$ 1,431,550
Due from other Governmental units	496,040	533,428
Accounts receivable	33,985	453
Prepaid expense	57,622	10,464
Total Current Assets	1,792,674	1,975,895
Noncurrent Assets:		
Capital Assets, net of accumulated depreciation of \$2,921,000	2,640,792	2,311,426
Total Noncurrent Assets	2,640,792	2,318,208
Deferred Outflow of Resources		
Deferred Outflow of Resources - Employee - Pension	1,936,177	1,348,945
Deferred Outflow of Resources - Employee - OPEB	411,705	312,064
Total Deferred Outflow of Resources	2,347,882	1,661,009
Total Assets and Deferred Outflow of Resources	6,781,348	5,955,112
Liabilities		
Accounts payable	118,380	74,520
Bonds payable, due within one year	163,164	158,164
Other current liabilities	180,500	223,173
Total Current Liabilities	462,044	455,857
Long-term liabilities		
Bond payable, net of current portion, \$158,164	35,612	198,776
Net pension liability	6,262,954	4,029,740
Net OPEB liability	361,748	265,024
Total Long-term Liabilities	6,660,314	4,493,540
Total Liabilities	7,122,358	4,949,397
Deferred Inflow of Resources		
Unavailable revenue	101,148	25,592
Pension	134,006	1,364,663
State aide funding for pension	299,124	263,633
OPEB	778,335	1,024,472
Total Deferred Inflow of Resources	1,312,613	2,678,360
Net Position		
Net investment (deficit) in capital assets	2,441,785	1,954,064
Restricted	143,880	295,500
Unrestricted	(4,239,288)	(3,922,209)
Total Net Position	\$ (1,653,623)	\$ (1,672,645)

Carney Nadeau Public School
Management's Discussion and Analysis (continued)
Year Ended June 30, 2023

District-Wide Financial Statements - Condensed Financial Information (continued)

Statement of Net Position (continued)

The previous table shows the School District's net position as a deficit of \$1,653,623 at June 30, 2023. The report records the net pension and OPEB liability of \$6,624,702. Capital assets net of related debt is reported as an investment of \$2,441,785. This figure is derived by taking the original costs of the School District's assets accumulated depreciation to date and comparing this figure to the amount of long-term debt used to finance the acquisition of those assets. Most of the debt related to the capital assets will be repaid from voter-approved property taxes collected as the debt service comes due.

Restricted net position of \$143,880 is restricted for several activities. The amount restricted for capital projects is \$675. The Capital Project monies came from a voter approved property tax. The net position is restricted as they are not allowed to be used for daily School District operations. The remaining restricted assets are for Food Service of \$35,457, debt service of \$30,576, and School Activities of \$77,172.

The unrestricted net position is reported as a deficit of \$4,239,288 as of June 30, 2023. This is the net accumulated results of past years operations. The deficit in the unrestricted net position shows that the School District does not have ample amount of assets to fund liabilities at June 30, 2023.

Statement of Activities

The results of operations for the School District as a whole are reported in the statement of activities (see condensed table below). This statement shows the changes in net position for the fiscal year ended June 30, 2023 and 2022.

	Governmental Activities	
	2023	2022
Revenue		
Program Revenue:		
Charges for services	\$ 29,772	\$ 16,914
Operating grants and entitlements	1,402,137	1,154,068
State categoricals	939,429	677,469
General Revenue:		
Property taxes	563,970	556,849
State aid	1,765,216	1,699,578
Other	46,058	33,850
Total Revenue	4,746,582	4,138,728
Functions/Programs Expenses		
Instruction	2,740,529	1,884,094
Supporting services	1,297,943	956,239
Community services	37,252	465
Food services	228,580	209,287
Athletics	89,296	78,346
Activities	138,219	142,311
Interest	4,037	13,553
Depreciation (unallocated)	193,414	181,526
Special item	(1,710)	(13,057)
Total Expenses	4,727,560	3,452,764
Increase (Decrease) in Net Position	\$ 19,022	\$ 685,964

Carney Nadeau Public School
Management's Discussion and Analysis (continued)
Year Ended June 30, 2023

Statement of Activities (continued)

As reported in the Statement of Activities, the School District had an overall increase in net position of \$19,022. The School District reports total net position as a deficit of \$1,653,623. The unrestricted deficit net position is \$4,239,288. Declining student enrollment in the area surrounding the School District has resulted in the School District to eliminate costs to minimize the decrease in net position. The deficits are a result of including the Net Pension Liability under GASB 68.

The School District's total revenues totaled \$4,746,582. Of this amount, the State aid accounts for 57% of total revenues or \$2,712,895. With declining enrollment, the School District's major source of revenue is not increasing in relation to the increase in expenses. Property taxes assessed to the residents of the School District not restricted for other purposes totaled \$563,970. This accounts for 12% of total revenue to be spent on general education and operating needs.

The School District's total cost to fund all Governmental activities was \$4,727,560. Approximately 50% or \$2,371,388 of these costs were financed by those who benefitted from the service or funded by grants from other Governmental agencies. This shows the importance of budgeting and determining what programs the School District will fund with unrestricted revenues on a yearly basis.

Fund Financial Statements

The Governmental Fund financial statements report the School District's finances under the modified accrual basis of accounting. Under this method revenues are recognized when available and expenditures when incurred. The fund balance totaled \$1,392,877 at June 30, 2023. It decreased for all Governmental Funds by \$260,155 for the year as follows:

The Major Funds

1. General Fund decreased by \$136,545 leaving a balance of \$580,225.
2. The Community Schools Fund increased by \$28,010 leaving a fund balance of \$668,772.

The Non-Major Funds

1. 2021 Capital Projects Fund which accounts for capital outlay and bond proceeds ended with a fund balance of \$537.
2. Hot Lunch Fund had a balance of \$35,457 in fund balance.
3. 2018 and 2003 Sinking Funds which are to be used for proceeds from a voter approved property tax for Capital Outlay. This decreased \$104,129 during the year.
4. Activities Fund had a balance of \$77,172.
5. Debt Retirement Fund which accounts for the proceeds to pay off Bonds had a \$30,576 balance.

Carney Nadeau Public School
Management's Discussion and Analysis (continued)
Year Ended June 30, 2023

Major Governmental Funds Budgeting and Operating Highlights

The School Districts budgets are prepared according to Michigan law and are initially adopted prior to July 1 of each year, usually before the State of Michigan enacts its budget or most grants are awarded. Therefore, it is expected there will be significant changes between the initial budget and subsequent budgets, as actual grant awards are known. The most significant fund budgeting is the General Fund. The budget is amended at least two times during the year. The budget includes estimated State revenues until the actual amount is determined. Since a major portion of the District is funded by these revenues, budget amendments are necessary to include these funds.

General Fund

General Fund Revenue Budget vs. Actual History

<u>Fiscal Year</u>	<u>Revenues Original Budget</u>	<u>Revenues Final Budget</u>	<u>Revenues Final Actual</u>	<u>Actual vs. Final Budget</u>
2018-2019	2,607,207	2,649,280	2,687,668	38,388
2019-2020	3,071,905	3,207,636	3,142,237	(65,399)
2020-2021	2,648,487	2,927,696	2,978,924	51,228
2021-2022	3,015,149	3,193,286	3,067,560	(125,726)
2022-2023	3,196,863	3,628,490	3,621,116	(7,374)

General Fund Expenditures Budget vs. Actual History

<u>Fiscal Year</u>	<u>Expenditures Original Budget</u>	<u>Expenditures Final Budget</u>	<u>Expenditures Final Actual</u>	<u>Actual vs. Final Budget</u>
2018-2019	2,413,158	2,633,434	2,611,779	21,655
2019-2020	3,080,453	3,178,515	3,099,040	79,475
2020-2021	2,613,722	2,808,161	2,723,790	84,371
2021-2022	2,875,591	3,016,808	2,881,395	135,413
2022-2023	3,016,810	3,677,805	3,759,371	(81,566)

A budget was adopted for the Community Schools Fund and is reported on Page 41.

Budgets are not required for Sinking Funds, Capital Project Funds, and Debt Retirement funds. Budgets were prepared for the other non-major funds.

Carney Nadeau Public School
Management's Discussion and Analysis (continued)
Year Ended June 30, 2023

Net Investment in Capital Assets

At June 30, 2023, the School District had \$2,507,102 invested in Capital Assets. This included a net increase of \$487,721 during the past fiscal year shown in the following table:

	2023	2022
Capital Assets	5,561,792	5,167,109
Accumulated depreciation	(2,921,000)	(2,855,683)
Related debt	(199,007)	(357,362)
	2,441,785	1,954,064

Carney Nadeau Public School has 2003 and 2018 Capital Projects Sinking Funds. The Sinking Funds have \$138 in funds remaining for building improvements and furnishings.

Debt

The School District has \$198,776 of long-term debt. The long-term debt decreased by \$158,164 during the year. The decrease was incurred do to the payment of bond. The State allows districts to issue general obligation debt up to 15% of the assessed value of all taxable property within the School District's boundaries. The School District is under this limit by a considerable amount. The notes to the financial statements provide detail of long-term debt.

Future Considerations

As a small District in a rural community, Carney Nadeau Public School has faced innumerable fiscal challenges not only in recent years, but throughout its long history. With state funding anticipated to remain fairly stagnant and in light of the increased number of unfunded mandates placed upon public schools, Carney Nadeau Public School faces substantial challenges moving forward in the future and must continue to closely monitor its expenditures. That being said, cost reducing measures enacted in terms of its staff and an increase in several areas of categorical funding substantially increased the District's general fund balance in the 2022-2023 school year. Given the volatile nature of funding sources such as state and federal aid and in particular student enrollment, it is advised that Carney Nadeau Public School continue to exercise fiscal conservancy, but at present, it would appear that the District is moving in a positive budgetary direction.

Contacting the School District

If you have any questions about this report or need additional information, contact the Superintendent's office at Carney Nadeau Public School - Carney, Michigan.

Basic Financial Statements

Carney Nadeau Public School
Statement of Net Position
For the Year Ended June 30, 2023

Governmental Activities

ASSETS

Current Assets:

Cash and cash equivalents	\$ 1,205,027
Due from other Governmental units	496,040
Accounts receivable	33,985
Prepaid expenses	57,622
Total Current Assets	1,792,674

Noncurrent Assets:

Capital assets	5,561,792
Less: accumulated depreciation	(2,921,000)
Total Noncurrent Assets	2,640,792

Total Deferred Outflow of Resources

Deferred Outflow of Resources - Pension	1,936,177
Deferred Outflow of Resources - OPEB	411,705
Total Deferred Outflow of Resources	2,347,882
Total Assets and Deferred Outflow of Resources	6,781,348

LIABILITIES

Current Liabilities

Accounts payable	118,380
Accrued salaries and withholding	180,269
Accrued Interest	231
Bonds payable, due within 1 year	163,164
Total Current Liabilities	462,044

Noncurrent Liabilities

Bonds payable	35,612
Net pension Liability	6,262,954
Net OPEB Liability	361,748
Total Noncurrent Liabilities	6,660,314
Total Liabilities	7,122,358

Deferred Inflow of Resources

Unavailable revenue	101,148
Pension	134,006
State aide funding for pension	299,124
OPEB	778,335
Total Deferred Inflow of Resources	1,312,613

Net Position

Net investment in capital assets	2,441,785
Restricted for capital projects	675
Restricted for food service	35,457
Restricted for Activities	77,172
Restricted for debt retirement	30,576
Unrestricted	(4,239,288)
Total Net Position	\$ (1,653,623)

Carney Nadeau Public School
Statement of Activities
For the Year Ended June 30, 2023

	Expenses	Program Revenues		Governmental Activities
		Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
GOVERNMENTAL FUNCTIONS				
Current:				
Instruction	\$ (2,740,529)	\$ 11,494	\$ 1,983,122	\$ (745,913)
Supporting services	(1,297,943)	-	-	(1,297,943)
Community	(37,252)	-	-	(37,252)
Food services	(228,580)	-	196,168	(32,412)
Athletics	(89,296)	18,278	-	(71,018)
Activities	(138,219)	-	162,276	24,057
Interest on long-term debt	(4,037)	-	-	(4,037)
Depreciation (unallocated)	(193,414)	-	-	(193,414)
Total Governmental Functions	<u>\$ (4,729,270)</u>	<u>\$ 29,772</u>	<u>\$ 2,341,566</u>	<u>(2,357,932)</u>
GENERAL REVENUES				
Property Taxes:				
General purposes				415,307
Debt purposes				148,663
State aid not restricted for specific purpose				1,765,216
Interest and investment earnings				1,374
Other				44,684
Total General Revenues				<u>2,375,244</u>
Special Item - Gain (Loss) on disposal of assets				<u>1,710</u>
Change in Net Position				<u>19,022</u>
Net Position - Beginning of Year				<u>(1,672,645)</u>
Net Position - End of Year				<u>\$ (1,653,623)</u>

Carney Nadeau Public School
Balance Sheet
Governmental Funds
For the Year Ended June 30, 2023

	General	Community Schools	Other Non-Major Governmental Funds	Total Governmental Funds
Assets				
Cash	\$ 453,157	\$ 603,013	\$ 148,857	\$ 1,205,027
Due from other Governmental units	496,040	-	-	496,040
Prepaid expenses	20,620	13,314	51	33,985
Accounts Receivable	-	54,665	2,957	57,622
Total Assets	\$ 969,817	\$ 670,992	\$ 151,865	\$ 1,792,674
Liabilities, Deferred Inflow of Resources and Fund Equity				
Liabilities				
Accounts payable	\$ 110,398	\$ -	\$ 7,985	\$ 118,383
Accrued payroll and benefits	178,049	2,220	-	180,269
Total Liabilities	288,447	2,220	7,985	298,652
Deferred Inflow of Resources				
Unavailable Revenue				
Federal and state grants	101,145	-	-	101,145
Fund Balance				
Non-spendable	20,620	13,314	51	33,985
Restricted for hot lunch	-	-	35,406	35,406
Committed to capital projects	-	-	537	537
Committed to activities	-	-	77,172	77,172
Unassigned	559,605	655,458	30,714	1,245,777
Total Fund Balance	580,225	668,772	143,880	1,392,877
Total Deferred Inflow of Resources and Fund Equity	\$ 969,817	\$ 670,992	\$ 151,865	\$ 1,792,674

Carney Nadeau Public School
 Reconciliation of the Governmental Funds Balance Sheet
 With the Statement of Net Position
 For the Year Ended June 30, 2023

Total Governmental Fund Balance \$ 1,392,877

Amounts Reported for Governmental Activities in the Statement of Net Position Because:

Capital Assets used in Governmental Activities are Not Financial Resources
 and are Not Reported in the Funds

The Cost of Capital Assets are:	\$ 5,561,792	
Accumulated Depreciation is:	<u>(2,921,000)</u>	2,640,792

Long-Term Liabilities are not Due and Payable in the Current Period
 and are Not Reported in the Governmental Funds

Bonds payable	(198,776)
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Accrued interest is not included as a liability in governmental funds	(231)
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Net Pension Obligations are not Due and Payable in the Current Period
 and Therefore, are Not Reported in the Funds

Net Pension Liability	(6,262,954)
State aid funding for pension	(299,124)
Net OPEB liability	(361,748)

Deferred Outflows and Inflows or Resources Related to Pensions are Applicable
 to Future Periods and Therefore, are Not Reported in the Funds

Deferred Outflows of Resources Related to Pensions	1,936,177
Deferred Inflows of Resources Related to Pensions	(134,006)

Deferred Outflows of Resources Related to OPEB	411,705
Deferred Inflows of Resources Related to OPEB	<u>(778,335)</u>

Net Position of Governmental Activities	<u>\$ (1,653,623)</u>
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Carney Nadeau Public School
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	General	Community Schools	Other Non-Major Governmental Funds	Total Governmental Funds
REVENUE				
Local sources	\$ 494,377	\$ 11,494	\$ 311,361	\$ 817,232
State sources	2,704,645	545,074	8,250	3,257,969
Federal sources	410,857	72,606	187,918	671,381
Other school districts	11,237	-	-	11,237
Total Revenue	<u>3,621,116</u>	<u>629,174</u>	<u>507,529</u>	<u>4,757,819</u>
EXPENDITURES				
Current:				
Instruction	2,174,889	462,674	-	2,637,563
Supporting services	1,189,574	96,783	366,884	1,653,241
Community services	-	41,707	-	41,707
Food services	-	-	-	-
Activities	-	-	-	-
Debt Service:				
Principal	13,164	-	145,000	158,164
Interest and fees	2,867	-	1,362	4,229
Other	-	-	-	-
Capital outlay	378,877	-	145,903	524,780
Total Expenditures	<u>3,759,371</u>	<u>601,164</u>	<u>659,149</u>	<u>5,019,684</u>
Excess of Revenues (Expenditures)	<u>(138,255)</u>	<u>28,010</u>	<u>(151,620)</u>	<u>(261,865)</u>
Other Financing Sources (Uses)				
Sale of school property	1,710	-	-	1,710
Transfers (in)	-	-	-	-
Transfers (out)	-	-	-	-
Proceeds from bond	-	-	-	-
Bond Issuance Cost	-	-	-	-
Total Other Financing Sources (Uses)	<u>1,710</u>	<u>-</u>	<u>-</u>	<u>1,710</u>
(Deficiency) of Revenues over Expenditures	<u>(136,545)</u>	<u>28,010</u>	<u>(151,620)</u>	<u>(260,155)</u>
Fund Balances at July 1, 2022	<u>716,770</u>	<u>640,762</u>	<u>295,500</u>	<u>1,653,032</u>
Fund Balances at June 30, 2023	<u>\$ 580,225</u>	<u>\$ 668,772</u>	<u>\$ 143,880</u>	<u>\$ 1,392,877</u>

Carney Nadeau Public School
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 Year Ended June 30, 2023

Net Changes in Fund Balances - Total Governmental Funds **\$ (260,155)**

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Governmental Funds report Capital Outlays as expenditures in the statement of Activities. These costs are allocated over their estimated useful lives as depreciation.

Depreciation Expense	\$ (193,414)	
Capital Outlay	522,780	329,366

Governmental funds report the effect of issuance costs when the debit is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Bond Issuance Costs Incurred		-
Amortization of Bond Issuance Cost		(6,782)

Accrued interest is recorded in the statement of activities when incurred. It is not reported in the Governmental Funds until paid.		191
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Repayments of bond principal are an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt.)		158,164
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In the statement of activities, operating expenses for pension related items are measured by amounts earned during the year while the governmental funds report expenditures as amounts paid. This year the amount paid for pension related items was less than the amount earned.		(450,816)
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In the statement of activities, operating expenses for OPEG related items are measured by amounts earned during the year while the governmental funds report expenditures as amounts paid. This year the amount paid for OPEG related items was less than the amount earned.		249,054
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Change in Net Position as Governmental Activities		\$ 19,022
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Carney Nadeau Public School
Fiduciary Funds
Private Purpose Trust Fund
Year Ended June 30, 2023

Statement of Net Position

	<u>Memorials</u>	<u>Employees' Scholarship</u>	<u>Other Scholarships</u>	<u>Total</u>
ASSETS				
Cash	\$ 4,788	\$ 3,505	\$ 15,339	\$ 23,632
NET POSITION				
Reserve for scholarships	\$ 4,788	\$ 3,505	\$ 15,339	\$ 23,632
Total Liabilities and Net Position	<u>\$ 4,788</u>	<u>\$ 3,505</u>	<u>\$ 15,339</u>	<u>\$ 23,632</u>

Statement of Changes in Fiduciary Net Position

	<u>Memorials</u>	<u>Employees' Scholarship</u>	<u>Other Scholarships</u>	<u>Total</u>
REVENUES				
Interest	\$ 39	\$ 3	\$ -	\$ 42
Contributions	-	1,117	13,291	14,408
Total Revenues	<u>39</u>	<u>1,120</u>	<u>13,291</u>	<u>14,450</u>
EXPENDITURES				
Scholarships	<u>2,000</u>	<u>250</u>	<u>10,526</u>	<u>12,776</u>
Total Expenditures	<u>2,000</u>	<u>250</u>	<u>10,526</u>	<u>12,776</u>
Excess Revenue Over (Under) Expenditures	(1,961)	870	2,765	1,674
Net Position				
Beginning Balance July 1	6,749	2,635	12,574	21,958
Ending Balance June 30	<u>\$ 4,788</u>	<u>\$ 3,505</u>	<u>\$ 15,339</u>	<u>\$ 23,632</u>

Carney Nadeau Public School
Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Carney Nadeau Public School have been prepared as prescribed by the Michigan Department of Education. These policies are in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies.

Reporting Entity

In conformity with generally accepted accounting principles, other autonomously operated governmental organizations are not considered to be part of the School District's entity for financial reporting purposes nor is the School District a component unit of another entity. The criteria established for determining the various governmental organizations to be included in the School District's financial statements include oversight responsibility, scope of public service and special financing relationships. Based upon the application of these criteria the financial statements of the School District contain all the funds controlled by the District's Board of Education as no other entity meets the criteria to be considered a blended component unit or a discretely presented component unit of the District.

Basis of Presentation

District-Wide Financial Statements

The School District-Wide financial statements (Statement of Net Position and Statement of Activities) report information on all of the activities of the School District except for the fiduciary activities. All of the School District's activities are considered to be governmental activities. Interfund activity including operating transfers between activities and amounts due to and from governmental activities has been eliminated in the School District-Wide statements.

Fund-Based Financial Statements

Separate financial statements are provided on the basis of funds, each of which is considered a separate fiscal and accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Governmental as well as fiduciary funds are provided. The various fund types are grouped in the financial statements as major funds or non-major funds. The School District reports the following major governmental funds:

The General Fund is the general operating fund of the School District. The fund is used to account for all financial resources except those required to be accounted for in another fund.

The Community Schools Fund is a Special Revenue Fund. It accounts for all activities of Adult Education in the geographical area.

Carney Nadeau Public School
Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

Fund-Based Financial Statements (continued)

All other governmental funds are considered to be non-major. They include:

The 2003 and 2018 Sinking Fund is used to account for tax proceeds and capital improvements.

Hot Lunch Fund – used by the School District to account for Food Services.

The Capital Projects Fund is used to record tax, interest, other revenue for major remodeling and renovation projects.

Activities Fund – this Special Revenue Fund is used to account for assets held by the School's District in its capacity as a receiving and paying agent for the several groups.

The Debt Service Fund is used to record tax, interest and other revenue for payment, principal, interest and other expenditures on the bond issue.

Fiduciary Funds

Private-Purpose Trust Funds - used to account for assets held by the School District in a trustee capacity as administrator of scholarship and other funds not under direct control of the School District.

Basis of Accounting

District-Wide Financial Statements

The District-Wide financial statements report all financial and capital assets, short and long-term liabilities, revenues, expenses, gains and losses using the economic resources measurement focus and the accrual basis of accounting. All revenue is recorded when earned and expenses are recorded when a liability is incurred.

The Statement of Activities reports net cost information based on the School District's functions. Direct expenses are listed by function with program revenues for each function offset against those expenses. Program revenues include charges for services that are fees and other charges to the users or recipients of the services the School District provides. Program revenues also include operating grants and contributions that are restricted for a particular purpose. Property taxes, nonrestricted state aid and other revenues that are not program revenues are reported as general revenues.

Fund-Based Financial Statements

The governmental funds and fiduciary funds are accounted for by using the modified accrual basis of accounting as required by the Michigan Department of Education. Under the modified accrual basis of accounting, revenue is recognized when the revenue is subject to accrual, eligibility requirements are met and the revenues are available to finance expenditures of the fiscal period. Revenue is considered available when the revenue has been collected in the current period or soon enough after the end of the period to use to pay current period liabilities.

Carney Nadeau Public School
Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE A **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**
Basis of Accounting (continued)

The School District considers revenues to be available if collected within 60 days of the end of the period. Expenditures are recorded when the related liability is incurred. Exceptions to this general rule include certain compensated absences and principal and interest on long-term debt, both of which are recognized when due. Property taxes are recognized in the fiscal year for which the taxes have been levied.

Property Taxes

Property taxes attach as an enforceable lien on property as of December 31. Current property taxes are collected for the School District by the Townships of Nadeau, Gourley and Daggett. School taxes are levied on July 1.

Delinquent real property taxes of the School District are purchased annually by the County of Menominee.

State Foundation Revenue

The State of Michigan follows a foundation grant approach, which provides for a specific annual amount of revenue per student based on a state wide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information regarding average pupil membership supplied by the districts. The funds received in July and August of 2022 are state appropriations for the year ended June 30, 2023, and, as such, are recorded as accounts receivable.

State Categorical Revenue

The School District also receives revenue from the State to administer certain categorical education programs. State rules require that revenue earmarked for these programs be expended for its specific purpose. Categorical funds received, which are not expended by the close of the fiscal year are recorded as deferred revenue.

Federal Revenue

Expenditure-driven grants are recognized as revenue when revenue is available, the qualifying expenditures have been incurred and all other grant requirements have been met.

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposit accounts at local financial institutions.

Carney Nadeau Public School
Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

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

Short-Term Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet of the fund-based financial statements.

Restricted Assets

Restricted assets consist of cash and cash equivalents of the Debt Services Funds required to be set aside for future bond principal and interest payments and Capital Projects Funds for major renovations.

Inventories and Prepaid Items

Inventories are stated at cost and consist principally of supplies, heating fuel and bus fuel. Inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital Assets and Depreciation

Capital assets include land and improvements, buildings, furniture and fixtures, equipment, school buses and vehicles and are reported in the School District-Wide financial statements. Capital assets are defined by the School District as assets with an acquisition cost of more than \$5,000 with an estimated useful life in excess of one year. Assets meeting these criteria are recorded at historical cost or estimated historical costs if the amount is not known. Any donated capital assets are recorded at estimated fair market value at the date of donation. The costs of capital assets are charged to expense using an annual allocation of depreciation expense. Taking the depreciable cost of an asset and dividing that cost by its estimated useful life calculates the annual expense. The expense is recorded on the District-Wide Statement of Activities and included as a direct expense of an identifiable function if the assets sole purpose can be identified as being for that function. Depreciation expense (unallocated) is the amount of depreciation expense that cannot be charged to any particular function.

Carney Nadeau Public School
Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets and Depreciation (continued)

The capital assets are depreciated using the straight-line method with a half month depreciation taken for assets purchased after the fifteenth of each month over the following useful lives (land excluded as not depreciable):

Buildings	20 - 50 years
Furniture, fixtures & other equipment	05 - 20 years
School buses and vehicles	08 - 15 years

Compensated Absences

The liability for accumulated vacation and sick pay amounts is recorded in the District-wide statement of net position.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position and balance sheet 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 future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

Pension and Other Postemployment Benefit (OPEB) Plans

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

Unemployment Insurance

School Districts are required by state law to pay unemployment compensation tax. The state allows school districts the option into the state unemployment insurance fund, based on the regular taxing provision of the law; or, they can reimburse the state directly for any benefit paid for former employees. The School District has elected to make reimbursement payments.

Long-Term Obligations

The School District reports long-term debt and other long-term obligations in the District-wide statement of net position. Amounts are recorded at face value along with any accrued interest to June 30, 2023.

Carney Nadeau Public School
Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment in Capital Assets

This is a portion of the net position of the School District that consists of capital assets, net of accumulated depreciation and reduced by long-term liabilities for notes, bonds and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position

Net position is restricted when there are constraints placed on use by external parties or by statute.

Unrestricted Net Position

Net position not meeting either criteria above is considered unrestricted.

Fund Balance

In the fund-based financial statements, the restricted fund balances represent the amount set aside for constraints placed on them by external creditors or laws of other Governments. The committed fund balances represent the internal reservations by the School Districts Board.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through the date of the audit report.

NOTE B STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

The School District follows these procedures in establishing the budgetary data reflected in the financial statements for the General, Capital Projects and Special Revenue Funds. The School District is not legally required to adopt budgets for the Debt Service and Capital Project Funds.

1. Prior to July 1, the School District Superintendent submits to the Board of Education, a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is held to obtain taxpayer comments.
3. Prior to July 1, the budget is legally enacted at a regular meeting by Board of Education approval.
4. Any revisions to the budgeted amounts must be approved by the Board of Education.
5. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles. These budgets lapse at the end of each year.
6. Budgeted amounts presented in the financial statements are as originally adopted or as amended by the Board of Education prior to June 30, 2023.

Public Act 621 of 1978 Disclosures

Public Act 621 of 1978 requires local units of government (including School Districts) to prepare and to monitor their fiscal year budgets in accordance therewith. The Act provides that a school district must amend its budget if it becomes apparent that the School Districts actual revenues will deviate from those budgeted or if the school district's expenditures will exceed the amount appropriated.

Carney Nadeau Public School
Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE B STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

Public Act 621 of 1978 Disclosures (continued)

During the year ended June 30, 2023, the School District monitored and amended its budget and was in substantial compliance.

Public Act 275 of 1980 Disclosure

There were no deficits in any of the School District's fund-based financial statements as of June 30, 2023.

NOTE C DEPOSITS AND INVESTMENTS

The carrying amount of various deposits presented on the statement of net position as "Cash and Investments" were made in financial institutions whose deposits are covered by federal depository insurance or in a municipal investment fund. All deposits were made in accordance with State of Michigan statutes and under authorization of the Board of Education.

At June 30, 2023, cash and investments on deposits in financial institutions per bank totaled \$1,314,594, of which \$258,292 was covered by depository insurance and \$1,056,301 exceeded insurance limits. The School District places its deposits and investments with, what it believes to be, high quality financial institutions. Although such deposits and investments were in uninsured funds, they are, in the opinion of the School District, subject to minimal risk.

Transactions for governmental fund-types are recorded separately; however, the School District uses a common bank account to deposit and disburse cash of the General Fund and Special Revenue Funds.

The School Board has adopted a formal investment policy.

The following disclosures are made to the School Board's deposits and investments:

Custodial Credit Risk

Custodial Credit Risk – Deposits. For a deposit, custodial credit risk is a risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

The School Board maintains its deposit accounts at several financial institutions. The balances, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insured limit of the \$250,000 per interest bearing account and \$250,000 per non-interest bearing account.

As of January 1, 2013, the insurance coverage of public unit accounts depends upon the type of deposit and the location of the insured depository institution. All time and savings deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. Separately, all demand deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000.

For the purpose of these rules, the term 'time and savings' deposits includes NOW accounts and money market deposit accounts but does not include interest-bearing demand deposit accounts (which were permitted after July 21, 2011). The term 'demand deposits' means both interest-bearing and noninterest bearing deposits that are payable on demand and for which the depository institution does not reserve the right to require advance notice of an intended withdrawal. The insurance coverage of accounts held by government depositors is different if the

Carney Nadeau Public School
Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE C DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk

depository institution is located outside the State in which the public unit is located. In that case, all deposits, both time and savings deposits and demand deposits, owned by the public unit and held by the public unit's official custodian are added together and insured up to \$250,000. Time and savings deposits are not insured separately from demand deposits. Management acknowledges the possibility of risk in this arrangement. However, the size and longevity of the depository institution minimizes such risk.

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

The School Board held no securities or deposits at financial institutions classified as investments under the Governmental Accounting Standard Board Statement No. 40 as of June 30, 2023.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Presented below is the minimum rating required by state statutes and the actual rating as of year end for each investment type.

<u>Investment Type</u>		<u>Minimum Legal Rating</u>	<u>Rated as of Year End</u>	<u>Not Rated</u>
High Yield Checking	\$ 1,220,216	Not Available	\$ -	\$ 1,220,216
	<u>\$ 1,220,216</u>		<u>\$ -</u>	<u>\$ 1,220,216</u>

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the School Board manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the School Board's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the School Board's investments by maturity:

<u>Type</u>	<u>Total</u>	<u>Months</u>				
		<u>< 12</u>	<u>13-24</u>	<u>25-36</u>	<u>37-48</u>	<u>49 +</u>
High Yield Checking	\$ 1,220,216	\$ 1,220,216	\$ -	\$ -	\$ -	\$ -
Total	\$ 1,220,216	<u>\$ 1,220,216</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Carney Nadeau Public School
Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE C DEPOSITS AND INVESTMENTS (continued)

Interest Rate Risk

Certain investments are highly sensitive to interest rate fluctuations, to a greater degree than already indicated in the information provided above. The School Board held no such investments as of June 30, 2023.

NOTE D CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2023 were as follows:

	Balance 6/30/2022	Additions	Disposals & Adjustments	Balance 6/30/2023
Assets not being Depr:				
Land	\$ 38,000	\$ -	\$ -	\$ 38,000
Construction in progress	-	-	-	-
Capital Assets being Depr:				
Bldg & bldg imprv	4,571,896	296,578	-	4,868,474
Buses & other vehicles	434,276	226,202	(128,097)	532,381
Furniture & equipment	122,937	-	-	122,937
Total	<u>5,167,109</u>	<u>522,780</u>	<u>(128,097)</u>	<u>5,561,792</u>
Accumulated Depreciation:				
Bldg & bldg imprv	2,434,193	147,703	-	2,581,896
Buses & other vehicles	342,506	39,479	(128,097)	253,888
Furniture & equipment	78,984	6,232	-	85,216
Total	<u>2,855,683</u>	<u>193,414</u>	<u>(128,097)</u>	<u>2,921,000</u>
Net Capital Assets	<u>\$ 2,311,426</u>	<u>\$ 329,366</u>	<u>\$ -</u>	<u>\$ 2,640,792</u>

Depreciation expense was not charged to activities as the District considers its assets to impact multiple activities and allocation is not practical.

NOTE E LONG-TERM DEBT

Changes in Long-Term Debt are summarized as follows:

	Balance 6/30/2022	Additions	Deductions	Balance 6/30/2023
2018 Energy Bond	\$ 61,940	\$ -	\$ (13,164)	\$ 48,776
2021 Building & Site Bond	\$ 295,000	\$ -	\$ (145,000)	\$ 150,000
Accumulated Unpaid Employee Benefits	-	-	-	-
	<u>\$ 356,940</u>	<u>\$ -</u>	<u>\$ (158,164)</u>	<u>\$ 198,776</u>

Carney Nadeau Public School
Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE E LONG-TERM DEBT (continued)

2018 Energy Bond

On May 30, 2018 the School District borrowed \$88,268. The bonds are limited tax general obligations of the School District and bear interest rates of 4.5%. The summary of principal and interest is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2024	13,164	2,681
2025	13,164	2,074
2026	13,164	473
2027	9,284	-
	<u>\$ 48,776</u>	<u>\$ 5,228</u>

2021 School Building and Site Bond

On June 9, 2021 the School District borrowed \$415,000. The bonds are unlimited tax general obligations of the School District and bear interest rates of 0.52%, 0.63% and 0.74%. The summary of principal and interest is as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2024	150,000	555
	<u>\$ 150,000</u>	<u>\$ 555</u>

Accumulated Unpaid Employee Benefits

Upon retirement under the Michigan Public School Employees' Retirement System, the District shall pay to the individual \$40 for each day of unused sick leave up to the maximum of 110 days accumulated by the individual while in the employment of the School District. There were no benefit amounts due at the year end.

Carney Nadeau Public School
Notes to Financial Statements
For the Year Ended June 30, 2023

**NOTE F – GENERAL INFORMATION ABOUT THE MICHIGAN PUBLIC SCHOOL EMPLOYEES’ RETIREMENT SYSTEM (MPSERS) 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 governed by the State of Michigan originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board’s authority to promulgate or amend the provisions of the System. The board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

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

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

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

Benefits Provided

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

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

Carney Nadeau Public School
Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE F – GENERAL INFORMATION ABOUT THE MICHIGAN PUBLIC SCHOOL EMPLOYEES’ RETIREMENT SYSTEM (MPSERS) PENSION PLAN (continued)

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 fiscal year ended September 30, 2022.

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

Required contributions to the pension plan from Carney Nadeau Public School were \$566,797 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, 2022, Carney Nadeau Public School reported a liability of \$626,954 for its proportionate share of the MPSERS net pension liability. The next pension liability was measured as of September 30, 2022 and the total pension liability used to calculate the net position liability was determined by an actuarial valuation rolled forward from September 2020. Carney Nadeau Public School 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, Carney Nadeau Public School proportion was 0.0001665293 percent, which was a decrease of 0.0001700811 percent from its proportionate measured as of September 30, 2021.

Carney Nadeau Public School
Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE F – GENERAL INFORMATION ABOUT THE MICHIGAN PUBLIC SCHOOL EMPLOYEES’ RETIREMENT SYSTEM (MPSERS) PENSION PLAN (continued)

For the year ended June 30, 2023, Carney Nadeau Public School recognized pension expense of \$792,170. At June 30, 2023, Carney Nadeau Public 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 actual and expected experience	\$ 62,651	\$ 14,003
Changes of assumptions	1,076,200	-
Net difference between projected and actual earnings on pension plan investments	14,687	-
Changes in proportion and differences between Carney Nadeau Public School contributions and proportionate share of contributions	42,753	120,003
Carney Nadeau Public School contributions subsequent to the measurement date	739,886	-
	\$ 1,936,177	\$ 134,006

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 ended June 30, 2024. Other amounts as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

Deferred (Inflow) and Deferred Outflow of Resources by Year (to Be Recognized in Future Pension Expenses)

Plan Year	Amount
2023	\$ 325,851
2024	\$ 210,543
2025	\$ 176,454
2026	\$ 349,437

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.

Carney Nadeau Public School
Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE F – GENERAL INFORMATION ABOUT THE MICHIGAN PUBLIC SCHOOL EMPLOYEES’ RETIREMENT SYSTEM (MPSERS) PENSION PLAN (continued)

Additional information as of the latest actual valuation as 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	
-MIP and Basic Plans	6.00% net of investment expenses
-Pension Plus Plan	6.00% net of investment expenses
Pension Plus 2 Plan	6.00% Net of investment expenses
Projected Salary Increases	2.75-11.55%, including wage inflation at 2.75%
Cost of Living Pension Adjustments	3% Annual Non-Compounded for MIP Members
Mortality:	Retirees: RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006. Active Members: P-2014 Male and Female Employee Annuitant Mortality Tables, scaled by 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 for non-university employers.*
- *Recognition period for assets in years is 5.0000.*
- *Full actuarial assumptions are available in the 2022 MPSERS Comprehensive Annual Financial Report. www.michigan.gov/orsschools.*

Carney Nadeau Public School
Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE F – GENERAL INFORMATION ABOUT THE MICHIGAN PUBLIC SCHOOL EMPLOYEES’ RETIREMENT SYSTEM (MPSERS) 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity Pools	25.0%	5.1%
Private Equity Pools	16.0%	8.7%
International Equity Pools	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	100.0%	

* Long-term rate of return does not include 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 and 6.0% for the Pension Plus 2 plan, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.00% (6.00% for the Pension Plus Plan and 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.

Carney Nadeau Public School
Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE F – GENERAL INFORMATION ABOUT THE MICHIGAN PUBLIC SCHOOL EMPLOYEES’ RETIREMENT SYSTEM (MPSERS) PENSION PLAN (continued)

Sensitivity of Carney Nadeau Public School Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents Carney Nadeau Public School proportionate share of the net pension liability calculated using a discount rate of 6.00% (6.00% for the Pension Plus Plan, 6.0% for the Pension Plus 2 Plan), as well as what Carney Nadeau Public School proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease	Current Single Discount Rate Assumption	1% Increase
<u>5.00%</u>	<u>6.00%</u>	<u>7.00%</u>
\$8,264,772	\$6,262,954	\$4,613,365

Discount rates listed in the following order: Basic and Member Investment Plan (MIP), Pension Plus and Pension Plus 2. Non-university employers provide Basic, MIP, Pension Plus and Pension Plus 2 Plans. University employers provide only the Basic and MIP Plans.

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

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

Payables to the Michigan Public School Employees’ Retirement System (MPSERS)

At June 30, 2023, the District reported a payable of \$32,289 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

NOTE G - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

GENERAL INFORMATION ABOUT THE MICHIGAN PUBLIC SCHOOL EMPLOYEES’ RETIREMENT SYSTEM (MPSERS) OPEB 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 governed by the State of Michigan 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).

Carney Nadeau Public School
Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE G - GENERAL INFORMATION ABOUT THE MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (MPSERS) OPEB PLAN (continued)

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

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

Benefits Provided

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

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

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

Contributions

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

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected

Carney Nadeau Public School
Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE G - GENERAL INFORMATION ABOUT THE MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (MPSERS) OPEB PLAN (continued)

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		
Benefit Structure	Member	Employer
Premium Subsidy	3.00%	8.09%
Personal Healthcare Fund	0.00%	7.23%

Required contributions to the OPEB plan from Carney Nadeau Public Schools were \$130,098 for the year ended September 30, 2022.

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

At June 30, 2023, Carney Nadeau Public Schools reported a liability of \$361,748 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. Carney Nadeau Public 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, Carney Nadeau Public School's proportion was .0001707917 percent which was an decrease of .0001736293 percent from its proportion measured as of October 1, 2021.

For the year ending June 30, 2023, Carney Nadeau Public Schools recognized OPEB expense of \$121,372. At June 30, 2023, Carney Nadeau Public Schools reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ -	\$ 708,525
Changes of assumptions	322,437	26,255
Net difference between projected and actual earnings on pension plan investments	28,273	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	49,405	43,555
Employer contributions subsequent to the measurement date	11,590	-
	\$ 411,705	\$ 778,335

Carney Nadeau Public School
Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE G - GENERAL INFORMATION ABOUT THE MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (MPSERS) OPEB PLAN (continued)

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)

Plan Year	Amount
2023	\$ (120,092)
2024	\$ (116,011)
2025	\$ (119,394)
2026	\$ (12,002)
2027	\$ (9,995)
Thereafter	\$ (706)

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%
	Pre-65: 7.0% Year 1 graded to 3.5% Year 15; 3.0% Year 120
Healthcare Cost Trend Rate:	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 Members: P-2014 Male and Female Employee Annuitant Mortality Tables, scaled by 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Carney Nadeau Public School
Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE G - GENERAL INFORMATION ABOUT THE MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (MPSERS) OPEB PLAN (continued)

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

Notes:

- Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension 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 for non-university employers]
- 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 www.michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity Pools	25.0%	5.1%
Private Equity Pools	16.0%	8.7%
International Equity Pools	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%	2.70%
Real Return/Opportunistic Pools	10.0%	5.80%
Short-Term Investment Pools	2.0%	-0.5%
TOTAL	100.0%	

**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 pension plan investment, net of pension 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.

Carney Nadeau Public School
Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE G - GENERAL INFORMATION ABOUT THE MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (MPSERS) OPEB PLAN (continued)

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 Carney Nadeau Public School's proportionate share of the net OPEB liability to changes in the discount rate

The following presents Carney Nadeau Public School's proportionate share of the net OPEB liability calculated using the discount rate of 6.95%, as well as what Carney Nadeau Public School's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher:

1% Decrease	Current Discount Rate	1% Increase
<u>5.00%</u>	<u>6.00%</u>	<u>7.00%</u>
\$606,797	\$361,748	\$155,386

Sensitivity of Carney Nadeau Public School's proportionate share of the net OPEB liability to Healthcare Cost Trend Rate

The following presents Carney Nadeau Public School's proportionate share of the net OPEB liability calculated using assumed trend rates, as well as what Carney Nadeau Public 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
<u>151,483</u>	<u>361,748</u>	<u>597,774</u>

OPEB Plan Fiduciary Net Position

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

Payables to the OPEB Plan

Carney Nadeau Public Schools reported no payables to the defined benefit OPEB plan as of June 30, 2023.

Carney Nadeau Public School
Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE H DEFERRED INFLOW (DEFERRED OUTFLOWS) OF RESOURCES

The School District's deferred inflow of resources at June 30, 2023, consisted of:

	Governmental Funds	District-wide Funds
State Aid grants	69,403	69,403
GSRP services	26,017	26,017
Hannahville grant	5,728	5,728
Employee Retirement System	-	134,006
State Aid Funding for Pensions	-	299,124
OPEB	-	778,355
	\$ 101,148	\$ 1,312,633

The School District's deferred outflow of resources at June 30, 2023 consisted of:

	Governmental Funds	District-wide Funds
Pension	\$ -	\$ 1,936,177
OPEB	-	411,705
	\$ -	\$ 2,347,882

NOTE I INTERFUND RECEIVABLES AND PAYABLES - FUND BASED FINANCIAL STATEMENTS

There were no Interfund receivables or payables for the year ended June 30, 2023.

NOTE J INTERFUND TRANSFERS - FUND BASED FINANCIAL STATEMENTS

There were no Interfund transfers for the year ended June 30, 2023.

NOTE K CAPITAL PROJECT FUNDS

The Capital Project Fund includes 2 Sinking Funds and 1 Capital Project Fund which are funded by a separate tax levy. For these Capital Project Funds the School District complied with applicable provisions of Sec. 1212(1) and 1351(a) of the revised school code:

1. 2003 - Sinking Fund
2. 2019 - Sinking Fund
3. 2021 - Capital Projects Fund

NOTE L RISK MANAGEMENT

The School District is exposed to various risks of losses to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School District has obtained coverage from commercial insurance companies. The School District has comprehensive general liability coverage of \$25,000 per occurrence and a \$1,000,000 aggregate limit with no deductible amount.

All risk management activities are accounted for in the General Fund and Special Revenue Funds of the School District. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create but for which none have been reported are considered.

Carney Nadeau Public School
Notes to Financial Statements
For the Year Ended June 30, 2023

NOTE L RISK MANAGEMENT (continued)

Management estimates that the amount or potential claims against the School District as of June 30, 2023 will not materially affect the financial condition of the School District. Therefore, the financial statements contain no provision for estimated claims. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE M RESTRICTED NET POSITION

At June 30, 2023, the School District's restricted net position consisted of:

Capital Projects	\$	675
Food Service		35,457
Activities		77,172
Debt retirement		30,576
		\$ 143,880

NOTE N SHORT-TERM STATE AID ANTICIPATION NOTE PAYABLE

The School District had no short-term loans during the year.

NOTE O CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2023, the School implemented the following new pronouncement: Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* and Statement No. 96 *Subscription-Based Information Technology Arrangements*.

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

In May 2020, the GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

There was no material impact on the School's financial statements after the adoption of GASB Statement 87 and 96.

Required Supplemental Information

Carney Nadeau Public School
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
For the Year Ended
June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Amended</u>		
REVENUE				
Local sources	\$ 454,144	\$ 487,838	\$ 494,377	\$ 6,539
State sources	2,365,964	2,718,042	2,704,645	(13,397)
Federal sources	360,679	411,373	410,857	(516)
Inter-district services	16,076	11,237	11,237	-
Total Revenue	<u>3,196,863</u>	<u>3,628,490</u>	<u>3,621,116</u>	<u>(7,374)</u>
EXPENDITURES				
Current:				
Instruction	1,794,354	2,189,781	2,174,889	14,892
Supporting services	1,062,120	1,285,254	1,189,574	95,680
Debt Service:				
Principal	16,297	15,692	13,164	2,528
Interest and fees	-	-	2,867	(2,867)
Capital outlay	144,039	187,078	378,877	(191,799)
Total Expenditures	<u>3,016,810</u>	<u>3,677,805</u>	<u>3,759,371</u>	<u>(81,566)</u>
Excess of Revenues- (Expenditures)	<u>180,053</u>	<u>(49,315)</u>	<u>(138,255)</u>	<u>(88,940)</u>
OTHER FINANCING SOURCES (USES)				
Transfers (in)	-	-	-	-
Transfers (out)	-	-	-	-
Sale of School property	-	1,710	1,710	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,710</u>	<u>1,710</u>	<u>-</u>
Excess of Revenues and Other Resources Over (Under) Expenditures & Other Uses	180,053	(47,605)	(136,545)	(88,940)
Fund Balance Beginning of Year	<u>716,770</u>	<u>716,770</u>	<u>716,770</u>	<u>-</u>
Fund Balance End of Year	<u>\$ 896,823</u>	<u>\$ 669,165</u>	<u>\$ 580,225</u>	<u>\$ (88,940)</u>

Carney Nadeau Public School
Required Supplemental Information
Budgetary Comparison Schedule - Community Schools
For the Year Ended
June 30, 2023

	Budgeted Amounts		Actual	Final Budget Positive (Negative)
	Original Budget	Final Amended		
REVENUE				
Local sources	\$ 4,275	\$ 8,962	\$ 11,494	\$ 2,532
State sources	508,215	545,074	545,074	-
Federal sources	84,604	72,606	72,606	-
Inter-district services	-	-	-	-
Total Revenue	597,094	626,642	629,174	2,532
EXPENDITURES				
Instruction	425,555	470,862	462,674	8,188
Supporting service	129,389	10,198	96,783	(86,585)
Community service	-	5,707	41,707	(36,000)
Capital outlay	-	-	-	-
Total Expenditures	554,944	486,767	601,164	(114,397)
Excess of Revenues- (Expenditures)	42,150	139,875	28,010	(111,865)
OTHER FINANCING SOURCES (USES)				
Other transactions	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Excess of Revenues and Other Resources Over (Under) Expenditures & Other Uses	42,150	139,875	28,010	(111,865)
Fund Balance Beginning of Year	640,762	640,762	640,762	-
Fund Balance End of Year	\$ 682,912	\$ 780,637	\$ 668,772	\$ (111,865)

Carney Nadeau Public School
Schedule of Carney Nadeau Public School Pension Contributions
Michigan Public School Employees' Retirement Plan
Last 10 Reporting Fiscal Years *(Amounts determined as of 6/30 of each year)*

	2019	2018	2017	2016	2015
Statutory required contributions	\$ 353,498	\$ 264,426	\$ 386,120	\$ 322,587	\$ 376,615
Contributions in relation to statutory required contributions	<u>353,498</u>	<u>264,426</u>	<u>386,120</u>	<u>322,587</u>	<u>376,615</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered employee payroll	<u>\$ 1,551,006</u>	<u>\$ 1,360,430</u>	<u>\$ 1,315,345</u>	<u>\$ 1,387,092</u>	<u>\$ 1,550,435</u>
Contributions as a percentage of covered employee payroll	22.79%	19.44%	29.41%	23.26%	24.29%

	2024	2023	2022	2021	2020
Statutory required contributions		\$ 440,762	\$ 659,080	\$ 424,655	\$ 366,890
Contributions in relation to statutory required contributions		<u>440,762</u>	<u>659,080</u>	<u>424,655</u>	<u>366,890</u>
Contribution deficiency (excess)		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered employee payroll		<u>\$ 1,650,490</u>	<u>\$ 1,566,032</u>	<u>\$ 1,552,155</u>	<u>\$ 1,555,723</u>
Contributions as a percentage of covered employee payroll		27.92%	42.09%	27.36%	23.58%

Note Disclosures:

Changes of benefit terms: There were no changes of benefit terms in FY 2023.

Changes of benefit assumptions: There were no changes of benefit assumptions in FY 2023.

Carney Nadeau Public School
Schedule of Carney Nadeau Public School Proportionate Share of the Net Pension Liability
Michigan Public School Employees' Retirement Plan
Last 10 Reporting Fiscal Years *(Amounts determined as of 9/30 of each year)*

	2018	2017	2016	2015	2014
Proportion of net pension liability %	.0161%	.0158%	.01636%	.01740%	.01465%
Proportionate share of net pension liability	\$ 4,826,420	\$ 4,103,820	\$ 4,080,998	\$ 4,249,229	\$ 3,226,169
Covered employee payroll	\$ 1,397,614	\$ 1,326,326	\$ 1,349,841	\$ 1,534,940	\$ 1,292,935
Proportionate share of net pension liability as a percentage of its covered employee payroll %	345.33%	309.41%	302.33%	276.83%	249.52%
Plan fiduciary net position as a percentage of total pension liability	62.36%	64.21%	63.27%	63.17%	66.20%

	2023	2022	2021	2020	2019
Proportion of net pension liability %		0.017%	0.017%	0.017%	.0169%
Proportionate share of net pension liability		\$ 6,262,954	\$ 4,029,740	\$ 5,882,071	\$ 5,603,746
Covered employee payroll		\$ 1,692,340	\$ 1,600,575	\$ 1,540,300	\$ 1,558,159
Proportionate share of net pension liability as a percentage of its covered employee payroll %		370.08%	251.77%	381.88%	359.64%
Plan fiduciary net position as a percentage of total pension liability		60.77%	72.60%	59.72%	60.31%

Note Disclosures:

Changes of benefit terms: There were no changes of benefit terms in FY 2023.

Changes of benefit assumptions: There were no changes of benefit assumptions in FY 2023.

Carney Nadeau Public Schools
Schedule of Carney Nadeau Public School's OPEB Contributions
Michigan Public School Employees' Retirement Plan
Last 10 Reporting Fiscal Years *(Amounts determined as of 6/30 of each year)*

	2022	2021	2020	2019	2018
Statutory required OPEB contributions	\$ 9,634	\$ 8,826	\$ 7,851	\$ 7,326	\$ 6,079
OPEB contributions in relation to statutory required contributions *	9,634	8,826	7,851	7,326	6,079
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
School's covered payroll (OPEB)	\$ 1,600,575	\$ 1,540,300	\$ 1,558,159	\$ 1,557,002	\$ 1,360,430
OPEB contributions as a percentage of covered payroll	0.60%	0.57%	.50%	.47%	.45%

	2027	2026	2025	2024	2023
Statutory required OPEB contributions					11,590
OPEB contributions in relation to statutory required contributions *					11,590
Contribution deficiency (excess)					\$ -
School's covered payroll (OPEB)					\$ 1,650,490
OPEB contributions as a percentage of covered payroll					0.70%

Note Disclosures:

Changes of benefit terms: There were no changes of benefit terms in FY 2023.

Changes of benefit assumptions: There were no changes of benefit assumptions in FY 2023.

Other Supplemental Information

Carney Nadeau Public Schools
Schedule of Carney Nadeau Public School's Proportionate Share of OPEB Liability
Michigan Public School Employees' Retirement Plan
Last 10 Reporting Fiscal Years *(Amounts determined as of 9/30 of each year)*

	2021	2020	2019	2018	2017
Proportion of net OPEB liability %	0.0174%	0.0172%	.0177%	.0163%	.0158%
Proportionate share of net OPEB liability	\$ 265,024	\$ 921,912	\$ 1,271,124	\$ 1,299,443	\$ 1,403,199
Covered employee payroll (OPEB) *	\$ 1,600,575	\$ 1,540,300	\$ 1,558,159	\$ 1,397,614	\$ 1,326,326
Proportionate share of net OPEB liability as a percentage of its covered employee payroll %	16.56%	59.85%	81.58%	92.98%	105.80%
Plan fiduciary net position as a percentage of total OPEB liability	87.33%	59.72%	44.24%	42.59%	36.39%

	2026	2025	2024	2023	2022
Proportion of net OPEB liability %					0.0170%
Proportionate share of net OPEB liability					361,748
Covered employee payroll (OPEB) *					\$ 1,692,340
Proportionate share of net OPEB liability as a percentage of its covered employee payroll %					21.38%
Plan fiduciary net position as a percentage of total OPEB liability					83.09%

Note Disclosures:

Changes of benefit terms: There were no changes of benefit terms in FY 2023.

Changes of benefit assumptions: There were no changes of benefit assumptions in FY 2023.

Carney Nadeau Public School
 Combining Balance Sheet
 Non-Major Governmental Funds
 For the Year Ended June 30, 2023

	Debt Retirement	2018 Sinking Fund	2003 Sinking Fund	2021 Capital Projects	Hot Lunch Fund	Activity Fund	Total
ASSETS							
Cash	\$ 30,576	\$ 69	\$ 69	\$ 537	\$ 40,434	\$ 77,172	\$ 148,857
Due from other Governmental units	-	-	-	-	-	-	-
Prepaid expense	-	-	-	-	51	-	51
Accounts Receivable	-	-	-	-	2,957	-	2,957
Total Assets	\$ 30,576	\$ 69	\$ 69	\$ 537	\$ 43,442	\$ 77,172	\$ 151,865
LIABILITIES AND FUND EQUITY							
Liabilities							
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 7,985	\$ -	\$ 7,985
Accrued payroll and benefits	-	-	-	-	-	-	-
Total Liabilities	-	-	-	-	7,985	-	7,985
Fund Balances							
Non-spendable	-	-	-	-	51	-	51
Restricted	30,576	69	69	537	35,406	77,172	143,829
Total Fund Balances	30,576	69	69	537	35,457	77,172	143,880
Total Liabilities & Fund Balances	\$ 30,576	\$ 69	\$ 69	\$ 537	\$ 43,442	\$ 77,172	\$ 151,865

Carney Nadeau Public School
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances Non-Major Governmental Funds
For the Year Ended June 30, 2023

	Debt Retirement	2018 Sinking Fund	2003 Sinking Fund	2021 Capital Projects	Hot Lunch Fund	Activity Fund	Total
REVENUE							
Local sources	\$ 148,663	\$ 29	\$ 11	\$ -	\$ 382	\$ 162,276	\$ 311,361
State sources	-	-	-	-	8,250	-	8,250
Federal sources	-	-	-	-	187,918	-	187,918
Total Revenue	148,663	29	11	-	196,550	162,276	507,529
EXPENDITURES							
Current:							
Supporting service	-	469	-	1,616	228,580	138,219	368,884
Debt Service:							
Principal	145,000	-	-	-	-	-	145,000
Interest and fees	1,362	-	-	-	-	-	1,362
Capital Outlay	-	74,700	29,000	40,203	-	-	143,903
Total Expenditures	146,362	75,169	29,000	41,819	228,580	138,219	659,149
Excess of Revenues-(Expenditures)	2,301	(75,140)	(28,989)	(41,819)	(32,030)	24,057	(151,620)
OTHER FINANCING SOURCES (USES)							
Transfers In/(Out)	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-
Excess Revenues and Other Resources Over (Under) Expenditures & Other Uses	2,301	(75,140)	(28,989)	(41,819)	(32,030)	24,057	(151,620)
Fund Balance July 1	28,275	75,209	29,058	42,356	67,487	53,115	295,500
Fund Balance June 30	\$ 30,576	\$ 69	\$ 69	\$ 537	\$ 35,457	\$ 77,172	\$ 143,880

Carney Nadeau Public School
General Fund Schedule of Revenues
For the Year Ended
June 30, 2023

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Budget		
LOCAL SOURCES				
General property tax levy			\$ 415,307	
Interest on investments			952	
Athletic revenue			18,278	
Donations			14,804	
1944 building grant			352	
Miscellaneous			44,684	
Total Local Sources	454,144	487,838	494,377	6,539
STATE SOURCES				
State school aid			1,765,216	
At Risk			190,457	
MPSRS			531,120	
Special education			85,124	
GSRP - Young 4 ISD			104,131	
Other State aid			28,597	
Total State Sources	2,365,964	2,718,042	2,704,645	(13,397)
FEDERAL SOURCES				
Title VI REAP			27,878	
Title I			42,104	
Title II Part A			6,704	
Title IV			10,000	
Section 11t			78,313	
Benchmark Assessment			3,987	
98c-Learning Loss			14,407	
ESSER III			173,052	
ESSER II			50,175	
Pandemic EBT local costs			628	
GSRP Revenue			3,348	
Administrative Outreach Program			261	
Total Federal Sources	360,679	411,373	410,857	(516)
INTER-DISTRICT SERVICES				
School District - various programs	16,076	11,237	11,237	-
OTHER				
Sale of School property	-	1,710	1,710	-
Total Other	14,682	1,710	1,710	-
Total Revenues	\$ 3,211,545	\$ 3,630,200	\$ 3,622,826	\$ 7,374

Carney Nadeau Public School
General Fund Schedule of Expenditures
For the Year Ended
June 30, 2023

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Budget		
INSTRUCTION - BASIC				
Elementary				
Salaries				
Teacher			\$ 325,254	
Teacher Aide			31,138	
Teacher substitute			10,744	
Insurance			67,403	
FICA			26,122	
Retirement			269,719	
Workers Compensation			3,120	
Subscriptions			3,873	
Textbooks			4,202	
Chromebooks			3,624	
Miscellaneous			3,969	
Supplies and Materials			3,779	
Total Elementary	617,970	761,128	752,947	8,181
Middle				
Salaries				
Teacher			126,229	
Retirement			90,876	
FICA			9,392	
Workers Compensation			180	
Insurance			13,581	
Total Middle	199,586	226,604	240,258	(13,654)
High School				
Salaries				
Teacher			156,768	
Teacher substitute			19,351	
Tuition			30,874	
Supplies and Materials			2,455	
Subscriptions			6,748	
Textbooks			4,222	
Miscellaneous			1,355	
Workers Compensation			262	
Insurance			52,048	
Retirement			161,135	
FICA			12,772	
Total High School	353,971	469,569	447,990	21,579
TOTAL BASIC PROGRAMS	1,171,527	1,457,301	1,441,195	16,106

Carney Nadeau Public School
General Fund Schedule of Expenditures (continued)
For the Year Ended
June 30, 2023

	Budgeted Amounts		Actual	Final Budget Positive (Negative)
	Original	Budget		
INSTRUCTION - ADDED NEEDS				
Special Education				
Salaries				
Teacher			93,800	
Admin services			21,045	
Teacher aide			74,438	
Teacher substitute			2,768	
Insurance			25,310	
Workers Compensation			748	
Retirement			109,781	
Travel and conferences			590	
FICA			13,759	
Supplies and materials			2,019	
Total Special Education	244,164	347,366	344,258	3,108
Young 4				
Salaries				
Teacher			32,020	
Teacher aide			19,145	
STIPEND for Coach			4,476	
Administration fee			14,002	
Insurance			8,161	
Retirement			15,943	
FICA			4,083	
Workers Compensation			90	
Supplies and materials			722	
Team Event registration			9,452	
Miscellaneous			50	
Travel Expenses/Workshops			111	
Total Young 4	94,236	99,639	108,255	(8,616)
Summer School				
Salaries				
Teachers			12,787	
Bus Drivers			1,648	
Aides			2,791	
Retirement			5,265	
FICA			1,317	
Workers Compensation			91	
Total Summer School	39,580	23,899	23,899	-
Young 4 Transportation				
Salaries				
Driver			2,464	
Retirement			695	
FICA			189	
Total Young 4 Transportation	3,358	3,348	3,348	-

Carney Nadeau Public School
General Fund Schedule of Expenditures (continued)
For the Year Ended
June 30, 2023

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Budget		
ADDED NEEDS (CONTINUED)				
Vocational Education				
Salaries				
Teacher			21,467	
Supplies and miscellaneous			2,988	
Workers Comp			33	
Retirement			3,796	
FICA			1,643	
Total Vocational Education	23,386	31,484	29,927	1,557
Other Grants				
Private donations			12,438	
Private meeting space			8,500	
HV GR-Smartboard-Elementary			3,496	
HV GR-Playground tables/trees			1,233	
HV GR-Bookworms reading			10,379	
Voc-ed course fees			11,000	
Total Other Grants	23,666	49,460	47,046	2,414
Compensatory Education				
Salaries				
At Risk Teacher			60,984	
At Risk Teacher aide			14,336	
Title I aide			30,134	
Title II aide			4,697	
Title IV aide			7,100	
Retirement			31,210	
FICA			8,319	
Insurance			19,645	
Workers Compensation			356	
Materials and supplies			180	
Total Compensatory Education	194,437	177,284	176,961	323
Total Added Needs	622,827	732,480	733,694	(1,214)
TOTAL INSTRUCTION-BASIC & ADDED NEEDS	1,794,354	2,189,781	2,174,889	14,892

Carney Nadeau Public School
General Fund Schedule of Expenditures (continued)
For the Year Ended
June 30, 2023

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Budget		
SUPPORTING SERVICES - INSTRUCTIONAL STAFF				
Educational Media Services				
Salaries				
Media			(2,100)	
Insurance			21	
Retirement			807	
Workers Compensation			4	
FICA			701	
Total Educational Media Services	27,394	21	(567)	588
Guidance Services				
Salaries				
Counselor			40,516	
Retirement			10,863	
Workers Compensation			45	
Insurance			17,234	
FICA			2,402	
Total Health Services	26,577	71,059	71,060	(1)
Total Instructional Staff	53,971	71,080	70,493	587
SUPPORTING SERVICES - GENERAL ADMINISTRATION				
Board of Education				
Salaries			1,896	
Contracted services			3,395	
FICA			145	
Dues and fees			99	
Teacher incentive			2,185	
Miscellaneous			580	
Total Board of Education	12,016	12,626	8,300	4,326
Executive Administration				
Salaries				
Superintendent			88,500	
SUPT Grant STIPEND (20%)			24,889	
Retirement			32,010	
FICA			7,938	
Workers Compensation			175	
Legal			3,232	
Audit			5,000	
Advertising			2,017	
Travel			1,384	
Insurance			21,549	
Miscellaneous			856	
Total Executive Administration	192,451	188,335	187,550	785
Total General Administration	204,467	200,961	195,850	5,111

Carney Nadeau Public School
General Fund Schedule of Expenditures (continued)
For the Year Ended
June 30, 2023

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Budget		
SUPPORTING SERVICES - SCHOOL ADMINISTRATION SERVICES				
Office of the Principal				
Salaries				
Principal			9,484	
Secretarial			18,631	
Secretarial sub			146	
Contracted services			400	
Awards and certificates			725	
Office supplies			2,198	
Insurance			6,593	
Postage			2,120	
Travel			308	
Retirement			12,646	
Miscellaneous			1,555	
FICA			2,284	
Workers compensation			1,275	
Total School Administration Services	68,145	59,130	58,365	765
Fiscal Services				
Salaries				
Secretarial			66,270	
Business-GSRP			4,200	
Insurance			21,289	
SDS fees			2,300	
Retirement			19,894	
FICA			4,757	
Workers Compensation			173	
Supplies			643	
Copier and expenses			10,401	
Tax chargebacks			8,354	
Total Fiscal Services	126,942	138,050	138,281	(231)
Total School Administration Services	195,087	197,180	196,646	534

Carney Nadeau Public School
General Fund Schedule of Expenditures (continued)
For the Year Ended
June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Budget</u>		
SUPPORTING SERVICES - OPERATION AND MAINTENANCE				
Salaries				
Custodial			41,001	
Maintenance			49,609	
Summer custodial			6,064	
Supplies and materials			11,767	
Heating			30,540	
Electrical			31,954	
Contracted services			6,267	
Lawn service			1,450	
Water and sewer			815	
Refuse			5,181	
Insurance			388	
Repairs and maintenance			39,088	
Furniture and equipment			3,174	
Retirement			52,143	
FICA			7,349	
Workers Compensation			1,031	
Building insurance			29,094	
Risk consultants			1,000	
Communications			7,631	
Total Operation and Maintenance	<u>244,104</u>	<u>342,401</u>	<u>325,546</u>	<u>16,855</u>
SUPPORTING SERVICES - PUPIL TRANSPORTATION				
Salaries				
Bus driver			71,192	
Bus driver substitute			2,666	
Special trips salary			10,116	
Repairs and maintenance labor			18,595	
Repairs and maintenance supplies			39,393	
Contracted services			271	
Gasoline			6,441	
Diesel			45,533	
Drivers' physicals			656	
Employee insurance			903	
Insurance on buses			6,433	
Retirement			66,717	
FICA			6,373	
Workers Compensation			1,393	
Miscellaneous			2,218	
Communications			1,815	
Total Pupil Transportation	<u>227,698</u>	<u>273,204</u>	<u>280,715</u>	<u>(7,511)</u>
SUPPORTING SERVICES - MANAGEMENT SERVICES				
Service technology			11,829	
Purch Serv (Powersch)			3,698	
Powerschool - ESSER II			2,762	
Supplies and materials			12,739	
Total Management Services	<u>38,905</u>	<u>35,459</u>	<u>31,028</u>	<u>4,431</u>

Carney Nadeau Public School
General Fund Schedule of Expenditures (continued)
For the Year Ended
June 30, 2023

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Budget		
SUPPORTING SERVICES -				
ATHLETIC EXPENSES				
Salaries				
Athletic director			4,000	
Coach			42,919	
Benefits			15,376	
Meets and travel			4,215	
Referees and game manager			17,077	
Supplies and materials			5,709	
Total Athletic Expenses	89,427	82,669	89,296	(6,627)
Total Supporting Services	1,053,659	1,202,954	1,189,574	13,380
Other				
Energy Conservation Loan	16,297	15,693	15,679	
Bus Purchase	144,039	187,078	296,578	
Roofing	-	28,805	28,805	
Conference rooms	-	53,494	53,494	
Hannahville 1944 bldg grant	-	-	352	
Total Other	160,336	285,070	394,908	(109,838)
TOTAL GENERAL FUND EXPENDITURES	\$ 3,008,349	\$ 3,677,805	\$ 3,759,371	\$ (81,566)

Carney Nadeau Public School
Community School's Schedule of Revenues
For the Year Ended
June 30, 2023

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Budget		
LOCAL SOURCES				
Enrichment			\$ 3,283	
Recreation			4,680	
Other			3,531	
Total Local Sources	4,275	8,962	11,494	2,532
STATE SOURCES				
State school aid			545,074	
Total State Sources	508,215	545,074	545,074	-
FEDERAL SOURCES				
Federal aid			62,231	
Institutional aid			10,375	
Total Federal Sources	84,604	72,606	72,606	-
Total Revenues	\$ 597,094	\$ 626,642	\$ 629,174	2,532

Carney Nadeau Public School
Community School's Schedule of Expenditures
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance With
	Original	Budget		Final Budget
				Positive (Negative)
INSTRUCTION				
Adult continuing education			\$ 462,674	\$ -
Total Instruction	425,555	470,862	462,674	8,188
SUPPORTING SERVICES				
Board of education	500	500	550	
Executive administration	89,766	61,944	59,539	
Operation and maintenance of plant	39,123	39,537	36,694	
Total Supporting Services	129,389	101,981	96,783	5,198
COMMUNITY SERVICES				
Recreation			5,707	
Community services to schools			36,000	
Total Community Services	-	5,707	41,707	(36,000)
CAPITAL OUTLAY				
Building improvements			-	
Total Capital Outlay	-	-	-	-
Total Expenditures	\$ 554,944	\$ 578,550	\$ 601,164	\$ (22,614)

JOHNSON & RENNIE, LLC
CERTIFIED PUBLIC ACCOUNTANTS

Rodney R. Johnson, CPA
Joel T. Rennie, CPA
Carl R. Sorensen, CPA

Members
American Institute of CPA's
Michigan Association of CPA's
Wisconsin Institute of CPA'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**

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 Governmental activities, each major fund and the aggregate remaining fund information of Carney Nadeau Public School as of and for the year ended June 30, 2023, and the related notes to the financial statements which collectively comprise Carney Nadeau Public School basic financial statements and have issued our report thereon dated October 18, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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 School District'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 may exist that have not been identified. We did identify certain deficiencies in internal control described in the accompanying Schedule of Findings and Responses as items 2023-001 and 2023-002 that we consider to be significant deficiencies.

Compliance and other Matters

As part of obtaining reasonable assurance about whether Carney Nadeau Public School financial statements are free of material misstatements, 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 no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

School's Response to Findings

Carney Nadeau Public School's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. We did not audit Carney Nadeau Public School's response and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended for the information and use of the Board of Education, management and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



Johnson and Rennie, LLC
Menominee, Michigan
October 18, 2023

Carney Nadeau Public School
Schedule of Findings and Responses
For the Year Ended June 30, 2023

#2023-001 - Ability to Prepare Financial Statements and Related Note Disclosures

Criteria: Local units of Government are required to possess the ability to prepare its financial statements and related disclosures in accordance with generally accepted accounting principles.

Condition: Like other local units of Government of similar size, limited financial summaries and abbreviated financial statements are made available for the Members of the Board. The School District relies on its auditor to draft its financial statements and related disclosures in accordance with generally accepted accounting principles. Members of the Board review and accept the financial statements on behalf of the School District.

Cause: The School District does not have staff familiar enough with accounting standards to be able to draft the School District's financial statements and related footnotes.

Effect: We consider this condition to be a significant deficiency with nominal effect as the School District's Management possesses the skill and knowledge to prepare and monitor the annual budget and does understand all of the information included in the annual financial statements.

Recommendation: The hiring of additional personnel to prepare the financial statements would not be cost effective. Members of the Board should remain involved in the financial reporting process to provide oversight and independent review functions.

Response: The School District agrees and will continue to use the auditor's assistance in drafting its financial statements and will remain involved in the financial reporting process.

#2023-002 – Segregation of Duties

Criteria: Local units of Government including School Districts, are required to have a segregation of duties among its accounting department staff in accordance with sound accounting principles.

Condition: As in prior years it was noted that the School District has a lack of segregation of duties. One person handles almost all phases of the accounting and reporting of the School District's finances due to the small number of staff.

Cause: It has been determined not to be cost effective to hire more staff to help eliminate this lack of segregation.

Effect: The effect of this is minimal as the lack of segregation was mitigated by the Superintendent's supervision and the active oversight of the Board.

Recommendation: Although the size of the School District makes complete segregation of duties impossible, we again recommend that the accounting functions be reviewed by management on a regular basis and that the duties be periodically rotated between the staff.

Managements Response: The School District is in the process of cross training accounting staff and duties will be rotated in the absence of accounting personnel. Management will continue to closely monitor the accounting functions.

Carney Nadeau Public School
Schedule of Prior Year Findings and Responses
For the Year Ended June 30, 2023

#2022-001 - Ability to Prepare Financial Statements and Related Note Disclosures

Criteria: Local units of Government are required to possess the ability to prepare its financial statements and related disclosures in accordance with generally accepted accounting principles.

Condition: Like other local units of Government of similar size, limited financial summaries and abbreviated financial statements are made available for the Members of the Board. The School District relies on its auditor to draft its financial statements and related disclosures in accordance with generally accepted accounting principles. Members of the Board review and accept the financial statements on behalf of the School District.

Cause: The School District does not have staff familiar enough with accounting standards to be able to draft the School District's financial statements and related footnotes.

Effect: We consider this condition to be a significant deficiency with nominal effect as the School District's Management possesses the skill and knowledge to prepare and monitor the annual budget and does understand all of the information included in the annual financial statements.

Recommendation: The hiring of additional personnel to prepare the financial statements would not be cost effective. Members of the Board should remain involved in the financial reporting process to provide over sight and independent review functions.

Response: The School District agrees and will continue to use the auditor's assistance in drafting its financial statements and will remain involved in the financial reporting process.

#2022-002 – Segregation of Duties

Criteria: Local units of Government including School Districts, are required to have a segregation of duties among its accounting department staff in accordance with sound accounting principles.

Condition: As in prior years it was noted that the School District has a lack of segregation of duties. One person handles almost all phases of the accounting and reporting of the School District's finances due to the small number of staff.

Cause: It has been determined not to be cost effective to hire more staff to help eliminate this lack of segregation.

Effect: The effect of this is minimal as the lack of segregation was mitigated by the Superintendent's supervision and the active oversight of the Board.

Recommendation: Although the size of the School District makes complete segregation of duties impossible, we again recommend that the accounting functions be reviewed by management on a regular basis and that the duties be periodically rotated between the staff.

Managements Response: The School District is in the process of cross training accounting staff and duties will be rotated in the absence of accounting personnel. Management will continue to closely monitor the accounting functions.