HAMILTON COMMUNITY SCHOOLS

REPORT ON FINANCIAL STATEMENTS
(with required and additional supplementary information)

YEAR ENDED JUNE 30, 2021

Maner Costerisan
Certified Public Accountants
Business & Technology Advisors

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Hamilton Community Schools

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hamilton Community Schools' basic financial statements. The additional supplementary information, as identified in the table of contents, including the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated September 24, 2021 on our consideration of Hamilton Community Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Hamilton Community Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hamilton Community Schools' internal control over financial reporting and compliance.

Maner Costerisan PC

September 24, 2021

This section of the Hamilton Community Schools' ("District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended on June 30, 2021. Please read it in conjunction with the District's financial statements which immediately follow this section. A comparative analysis with the prior year has been provided.

District-Wide Financial Statements

The first two statements are District-wide financial statements that provide short-term and long-term financial information about the District's overall financial status. These statements are required by generally accepted accounting principles (GAAP) as described in the Government Accounting Standards Board (GASB) Statement No. 34. The statements are compiled using the full accrual basis of accounting and more closely represent financial statements presented by business and industry. All of the District's assets, liabilities, deferred inflows of resources, and deferred outflows of resources, both short and long-term, are reported. As such, these statements include capital assets, net of related depreciation, as well as the bonded debt and other long-term obligations of the District resulting in total net position.

Over time, increases or decreases in the District's net position is one indicator of whether its financial position is improving or deteriorating. To assess the District's overall financial health, one should consider additional factors which may include the State's and/or region's economic condition, changes in the District's property tax base, and age and condition of its capital assets.

Fund Financial Statements

For the most part, the fund financial statements are comparable to financial statements for the previous fiscal year. The fund level statements are reported on a modified accrual basis in that only those assets that are deemed "measurable" and "currently available" are reported. Liabilities are recognized to the extent that they are normally expected to be paid with current financial resources.

The formats of the fund statements comply with requirements of the Michigan Department of Education's "Accounting Manual". In the state of Michigan, school districts' major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in various other funds categorized as Special Revenue, Debt Service, and Capital Projects Funds.

In the fund financial statements, capital assets purchased are considered expenditures in the year of acquisition with no asset being reported. The issuance of debt is treated as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. The obligations for future years' debt service are not recorded in the fund financial statements.

Summary of Net Position

The following schedule summarizes the net position at June 30, 2021 and 2020:

Hamilton Community Schools

	2021	2020
Current assets and other assets	$ 22,092,272	$ 18,183,462
Capital assets	48,357,714	49,507,078
Total assets	70,449,986	67,690,540
Deferred outflows of resources	20,573,710	23,169,451
Long-term liabilities outstanding	32,648,391	34,905,677
Net pension liability	61,326,358	58,055,274
Other liabilities	6,527,299	4,167,892
Net other postemployment benefit liability	9,727,966	12,677,020
Total liabilities	110,230,014	109,805,863
Deferred inflows of resources	9,816,368	9,006,043
Net position		
Net investment in capital assets	21,297,225	21,061,460
Restricted for debt service	1,805,365	773,514
Unrestricted	(52,125,276)	(49,786,889)
Total net position	$ (29,022,686)	$ (27,951,915)

Analysis of Net Position

During the fiscal year ended June 30, 2021, the District's net position decreased by ($1,070,771). A few of the more significant factors affecting net position during the year are discussed below:

- Cash Equivalents, Deposits and Investments

  At June 30, 2021, the District's cash equivalents, deposits and investments amounted to $16.5 million. This represented an increase of $3.02 million over the previous year, primarily due to increases in fund balance in the capital projects and debt service funds.

- Capital Outlay Acquisitions

  For the fiscal year ended June 30, 2021, $1.658 million of expenditures were capitalized and recorded as assets of the District. These additions to the District's capital assets will be depreciated over time as explained below.

  The net effect of the new capital assets, assets disposed of during the fiscal year, and the current year's depreciation is a net decrease to capital assets in the amount of $1.130 million for the fiscal year ended June 30, 2021.

- Depreciation Expense

  GASB 34 requires school districts to maintain records of annual depreciation expense and the accumulation of depreciation expense over time. The net increase in accumulated depreciation expense is a reduction in the net position.

- Bonded Debt

  For the fiscal year ended June 30, 2021, the District's bonded debt decreased by $2.17 million as a result of the repayments of previously issued bonds.

- Accumulated Compensated Absences and Termination Benefits

  At June 30, 2021, the District had an obligation to employees for the portion of earned compensated absences and termination benefits that they would be entitled to upon separation in the amount of $880,010.

Results of Operations

For the fiscal years ended June 30, 2021 and 2020, the results of operations, on a District-wide basis, were:

Changes in Hamilton Community Schools' Net Position

	Fiscal Year Ended June 30, 2021		Fiscal Year Ended June 30, 2020	
	Amount	%	Amount	%
Revenues				
Program revenues				
Charges for services	$ 60,005	0.14%	$ 312,186	0.78%
Operating grants and contributions	11,743,771	27.99%	10,575,504	26.59%
General revenues				
Property taxes	7,487,576	17.84%	7,112,280	17.88%
Investment earnings	40,157	0.10%	214,784	0.54%
State aid - unrestricted	22,082,589	52.61%	21,179,218	53.26%
Other	550,145	1.31%	376,757	0.95%
Total revenues	41,964,243	99.99%	39,770,729	100.00%
Expenses				
Instruction	23,639,328	54.92%	23,978,654	56.88%
Support services	13,922,441	32.35%	12,613,577	29.92%
Community services	260,369	0.61%	263,181	0.62%
Food services	1,018,157	2.37%	958,335	2.27%
Student/school activities	377,635	0.88%	550,902	1.31%
Interest on long-term debt	1,018,968	2.37%	1,052,237	2.50%
Unallocated depreciation	2,798,116	6.50%	2,739,283	6.50%
Total expenses	43,035,014	100.00%	42,156,169	100.00%
Change in net position	$ (1,070,771)		$ (2,385,440)	

Analysis of Significant Revenues and Expenses

Significant revenues and expenditures are discussed in the segments below:

- Property Taxes

  The District levied 18.0 mills of property taxes for operations on non-principal residence exempt property for the 2020 tax year. According to Michigan law, the tax levy is based on the taxable valuation of properties. The annual taxable valuation increases are capped at the rate of increase in the prior year's Consumer Price Index or 5%, whichever is less. At the time that property is sold, its taxable valuation is readjusted to the State Equalized Value, which in theory is one half of the property's market value. At June 30, 2021, there were no significant unpaid property taxes.

- State Sources

  The majority of the unrestricted state sources of revenues is comprised of the per student foundation allowance. The State of Michigan funds school districts based on a blended student enrollment. For the 2020-2021 fiscal year, the District received $8,111 per student full time equivalent. The student foundation allowance amount remained the same when compared to the 2019-2020 fiscal year.

- Operating Grants

  The District receives a significant portion of its operating revenue from categorical grants. For the fiscal year ended June 30, 2021, federal, state, and other amounted to $11.74 million. This represents a $1.168 million increase over the prior year.

Comparative Expenditures

A comparison of the expenditures reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances is shown below:

Expenditures	2020 - 2021	2019 - 2020	Increase (Decrease)
Instruction	$ 21,710,505	$ 21,393,127	$ 317,378
Supporting services	13,126,250	11,381,356	1,744,894
Food service activities	937,531	882,472	55,059
Student/school activities	377,635	550,902	(173,267)
Community service activities	246,663	233,679	12,984
Capital outlay	1,239,028	1,933,005	(693,977)
Debt service	3,201,679	3,851,259	(649,580)
Total expenditures	$ 40,839,291	$ 40,225,800	$ 613,491

General Fund Budgetary Highlights

The Uniform Budgeting Act of the State of Michigan requires that the local Board of Education approve the annual operating budget prior to the start of the fiscal year on July 1. Any amendments to the original budget must be approved by the Board prior to the close of the fiscal year on June 30, 2021.

The following schedule shows a comparison of the original general fund budget, the final amended budget, and actual totals from operations for the fiscal year ending June 30, 2021.

	Original Budget	Final Budget	Actual	Final Variance with Budget	% Variance
Total revenues	$ 32,691,400	$ 36,568,000	$ 36,452,832	$ (115,168)	-0.31%
Expenditures					
Instruction	$ 21,639,100	$ 21,947,200	$ 21,710,505	$ 236,695	1.08%
Supporting services	12,419,500	13,196,000	13,126,250	69,750	0.53%
Community services	285,500	266,100	246,663	19,437	7.30%
Total expenditures	$ 34,344,100	$ 35,409,300	$ 35,083,418	$ 325,882	0.92%
Other financing sources (uses)	$ -	$ (1,158,700)	$ (1,236,434)	$ (77,734)	6.71%

The original budget adopted by the Board in June 2020 was amended twice during the year. The amendments, approved in February and June 2021, reflected necessary changes to both revenues and expenditures based on projections made by the Chief Financial Officer.

Capital Assets

By the end of the 2020-2021 fiscal year, the District had invested approximately $82.561 million as the original cost in a broad range of capital assets, including land, school buildings and facilities, school buses and other vehicles, and various types of equipment. Depreciation expense for the year amounted to $2.798 million, bringing the accumulated depreciation to roughly $34.203 million as of June 30, 2021.

Hamilton Community Schools

	2021 Cost	2021 Accumulated Depreciation	2021 Net Book Value	2020 Net Book Value
Land	$ 2,169,583	$ -	$ 2,169,583	$ 2,169,583
Construction in progress	1,194,893	-	1,194,893	-
Buildings and improvements	72,897,478	29,559,297	43,338,181	45,614,224
Furniture and fixtures	2,345,262	1,663,588	681,674	972,056
Vehicles	3,745,035	2,846,850	898,185	667,662
Transportation equipment	208,879	133,681	75,198	83,553
Total	$ 82,561,130	$ 34,203,416	$ 48,357,714	$ 49,507,078

Long-term Obligations

At June 30, 2021, the District had approximately $32.65 million in long-term obligations which included $31.77 million in outstanding bonded debt. The bonded debt obligation decreased during the year as $2.17 million of bonds were paid. In addition to the bonded debt, the District has obligation for compensated absences estimated at roughly $880,000 at the end of the fiscal year.

Hamilton Community Schools
Outstanding Long-Term Obligations

	2021	2020
General obligation bonds and other debt	$ 31,768,381	$ 34,018,215
Compensated absences and termination benefits	880,010	887,462
	$ 32,648,391	$ 34,905,677

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following items that could significantly affect its financial health in the future:

- The uncertainty of student foundation funding levels, as well as funding for other K-12 education programs, reflects the economic difficulties faced by the State of Michigan and the District. One of the most important factors affecting the District's budget is student count. General Fund revenue is generated from the State's per pupil allowance, and a combination of State aid and property taxes. Under State law, the District cannot assess additional property tax revenue for general operations.

- The impact of the COVID-19 outbreak has put pressure on the State's General Fund and School Aid Fund budgets. Federal stimulus money has eased some of that pressure in the short term. These funds will be used to combat learning loss as a result of the pandemic, assist with implementing new tools for delivering instruction, and ensuring the safety of both students and staff.

- In May 2016, voters approved a $22.7 million bond proposal focusing on safety and security, educational technology, and building and site improvements. Over $19.3 million has already been spent on these projects with the remaining funds expected to be spent gradually over the next three years to provide for the continuing needs of the District.

- As part of the District's long-term planning, the Board of Education has approved a bond proposal to appear on the November 2, 2021 election ballot to address ongoing needs across the district. Additional details can be found by contacting the Administration Office and on the District website at: https://www.hamiltonschools.us/our-district/nov-2-2021-bond-proposal/.

- Moving into the 2021-22 school year, all labor contracts were settled as follows:
    - Hamilton Custodial / Maintenance Association 2021-2025
    - Hamilton Education Association 2021-2027

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional information, please contact the Chief Financial Officer at Hamilton Community Schools, 4815 136th Ave., Hamilton, MI 49419-9604.

BASIC FINANCIAL STATEMENTS

HAMILTON COMMUNITY SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 4,083,950
Investments	10,997,059
Receivables	
Accounts receivable	5,882
Interest receivable	18
Intergovernmental	5,538,703
Prepaids	742
Inventories	11,985
Restricted cash and cash equivalents - capital projects	1,453,933
Capital assets not being depreciated	3,364,476
Capital assets, net of accumulated depreciation	44,993,238
TOTAL ASSETS	70,449,986
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	392,046
Related to other postemployment benefits	5,369,754
Related to pensions	14,811,910
TOTAL DEFERRED OUTFLOWS OF RESOURCES	20,573,710
LIABILITIES	
Accounts payable	1,840,376
Accrued interest	164,187
Accrued salaries and related items	2,334,950
Accrued retirement	1,158,615
Unearned revenue	1,029,171
Noncurrent liabilities	
Due within one year	2,207,002
Due in more than one year	30,441,389
Net other postemployment benefits liability	9,727,966
Net pension liability	61,326,358
TOTAL LIABILITIES	110,230,014
DEFERRED INFLOWS OF RESOURCES	
Related to pensions	185,830
Related to other postemployment benefits	7,261,151
Related to state aid funding for pension	2,369,387
TOTAL DEFERRED INFLOWS OF RESOURCES	9,816,368
NET POSITION	
Net investment in capital assets	21,297,225
Restricted for debt service	1,805,365
Unrestricted	(52,125,276)
TOTAL NET POSITION	$ (29,022,686)

See notes to financial statements.

HAMILTON COMMUNITY SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Governmental Activities Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	$ 23,639,328	$ -	$ 8,096,837	$ (15,542,491)
Support services	13,922,441	-	2,289,069	(11,633,372)
Community services	260,369	-	-	(260,369)
Food services	1,018,157	60,005	986,065	27,913
Student/school activities	377,635	-	371,800	(5,835)
Interest on long-term debt	1,018,968	-	-	(1,018,968)
Unallocated depreciation	2,798,116	-	-	(2,798,116)
Total governmental activities	$ 43,035,014	$ 60,005	$ 11,743,771	(31,231,238)
General revenues				
Property taxes, levied for general purposes				3,637,671
Property taxes, levied for debt service				3,849,905
Investment earnings				40,157
State sources - unrestricted				22,082,589
Other				550,145
Total general revenues				30,160,467
CHANGE IN NET POSITION				(1,070,771)
Net position, beginning of year				(27,951,915)
Net position, end of year				$ (29,022,686)

See notes to financial statements.

HAMILTON COMMUNITY SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	2019 Capital Projects	Total Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 2,200	$ -	$ 4,081,750	$ 4,083,950
Investments	10,997,059	-	-	10,997,059
Receivables				
Accounts receivable	-	-	5,882	5,882
Interest receivable	-	-	18	18
Due from other funds	-	3,784,307	-	3,784,307
Intergovernmental	5,477,261	-	61,442	5,538,703
Prepaids	742	-	-	742
Inventories	-	-	11,985	11,985
Restricted cash and cash equivalents	-	1,332,608	121,325	1,453,933
TOTAL ASSETS	$ 16,477,262	$ 5,116,915	$ 4,282,402	$ 25,876,579
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 1,021,694	$ 801,069	$ 17,613	$ 1,840,376
Accrued salaries and related items	2,334,950	-	-	2,334,950
Accrued retirement	1,158,615	-	-	1,158,615
Due to other funds	3,784,307	-	-	3,784,307
Unearned revenue	982,457	-	46,714	1,029,171
TOTAL LIABILITIES	9,282,023	801,069	64,327	10,147,419
FUND BALANCES				
Nonspendable				
Inventories	-	-	11,985	11,985
Prepaids	742	-	-	742
Restricted for:				
Capital projects	-	4,315,846	-	4,315,846
Food service	-	-	251,116	251,116
Debt service	-	-	1,969,552	1,969,552
Committed for:				
Capital projects	-	-	1,644,006	1,644,006
Student/school activities	-	-	341,416	341,416
Assigned for:				
Compensated absences and termination benefits	880,010	-	-	880,010
Unassigned				
General fund	6,314,487	-	-	6,314,487
TOTAL FUND BALANCES	7,195,239	4,315,846	4,218,075	15,729,160
TOTAL LIABILITIES AND FUND BALANCES	$ 16,477,262	$ 5,116,915	$ 4,282,402	$ 25,876,579

See notes to financial statements.

HAMILTON COMMUNITY SCHOOLS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

Total governmental fund balances		$ 15,729,160
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred charge on refunding, net of amortization	$ 392,046	
Deferred inflows of resources - related to state pension funding	(2,369,387)	
Deferred outflows of resources - related to other post employment benefits	5,369,754	
Deferred outflows of resources - related to pensions	14,811,910	
Deferred inflows of resources - related to other postemployment benefits	(7,261,151)	
Deferred inflows of resources - related to pensions	(185,830)	
		10,757,342
Capital assets used in governmental activities are not financial resources and are not reported in the funds.		
The cost of the capital assets is	82,561,130	
Accumulated depreciation is	(34,203,416)	
		48,357,714
Long-term liabilities are not due and payable in the current period and are not reported in the funds.		
General obligation bonds		(31,768,381)
Compensated absences and termination benefits		(880,010)
Accrued interest is not included as a liability in governmental funds, it is recorded when paid		(164,187)
Net other postemployment benefit liability		(9,727,966)
Net pension liability		(61,326,358)
Net position of governmental activities		$ (29,022,686)

See notes to financial statements.

HAMILTON COMMUNITY SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	General Fund	2019 Capital Projects	Total Nonmajor Funds	Total Governmental Funds
REVENUES				
Local sources				
Property taxes	$ 3,637,671	$ -	$ 3,849,905	$ 7,487,576
Tuition	30,317	-	-	30,317
Food sales	-	-	60,005	60,005
Investment earnings	6,764	31,799	1,594	40,157
Student/school activities	-	-	371,800	371,800
Other	130,505	-	218,001	348,506
Total local sources	3,805,257	31,799	4,501,305	8,338,361
State sources	26,933,121	-	450,906	27,384,027
Federal sources	2,179,692	-	906,979	3,086,671
Intermediate school districts	3,534,762	-	-	3,534,762
TOTAL REVENUES	36,452,832	31,799	5,859,190	42,343,821
EXPENDITURES				
Current				
Instruction	21,710,505	-	-	21,710,505
Supporting services	13,126,250	-	-	13,126,250
Food service activities	-	-	937,531	937,531
Student/school activities	-	-	377,635	377,635
Community service activities	246,663	-	-	246,663
Debt service				
Principal repayment	-	-	2,170,000	2,170,000
Interest	-	-	1,023,273	1,023,273
Other	-	2,903	5,503	8,406
Capital outlay	-	807,709	431,319	1,239,028
TOTAL EXPENDITURES	35,083,418	810,612	4,945,261	40,839,291
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,369,414	(778,813)	913,929	1,504,530
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	37,566	-	-	37,566
Transfers in	-	-	1,274,000	1,274,000
Transfers out	(1,274,000)	-	-	(1,274,000)
TOTAL OTHER FINANCING SOURCES (USES)	(1,236,434)	-	1,274,000	37,566
NET CHANGE IN FUND BALANCES	132,980	(778,813)	2,187,929	1,542,096
FUND BALANCES				
Beginning of year	7,062,259	5,094,659	2,030,146	14,187,064
End of year	$ 7,195,239	$ 4,315,846	$ 4,218,075	$ 15,729,160

See notes to financial statements.

HAMILTON COMMUNITY SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

Net change in fund balances total governmental funds	$ 1,542,096
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	(2,798,116)
Capital outlay	1,658,482
Net book value of assets disposed	(9,730)
Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid.	
Accrued interest payable, beginning of the year	171,494
Accrued interest payable, end of the year	(164,187)
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and discounts, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences in the treatment of long-term debt and related items are as follows:	
Payments on bonded debt	2,170,000
Amortization of deferred charge on refunding	(85,892)
Amortization of bond premium	79,834
Compensated absences and termination benefits are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in governmental funds.	
Accrued compensated absences and termination benefits, beginning of the year	887,462
Accrued compensated absences and termination benefits, end of the year	(880,010)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:	
Other postemployment benefits items	1,371,304
Pension related items	(4,596,364)
Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to section 147c pension contributions subsequent to the measurement period.	
Change in state aid funding for pension	(417,144)
Change in net position of governmental activities	$ (1,070,771)

See notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. *Governmental activities* normally are supported by taxes and intergovernmental revenues.

Reporting Entity

The Hamilton Community Schools (the "District") is governed by the Hamilton Community Schools Board of Education (the "Board"), which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by the accounting principles generally accepted in the United States of America. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board (GASB) Statements.

Basis of Presentation - Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds.

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

Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following *Major Governmental Funds*:

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

The *2019 Building and Site Fund* accounts for the proceeds of certain bonds payable that are restricted to expenditure for capital outlays for voter-approved purposes.

The *Capital Projects Funds* include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the District has complied with the applicable provisions of §1351a of the Revised School Code.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements (continued)

Beginning with the year of bond issuance, the District has reported the annual construction activity in the 2019 capital projects funds. The following is a summary of the cumulative revenue and expenditures for the capital projects funds' activities:

	Capital Projects
	2019 Capital Projects
Revenue and other financing sources	$ 6,602,259
Expenditures	$ 2,286,413

Other Nonmajor Funds

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

The *Capital Projects Funds* - the building and site and 2017 capital projects funds account for financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The *Debt Service Funds* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds. The District has various nonmajor debt service funds.

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

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Measurement Focus and Basis of Accounting

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

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

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

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

Property taxes, state and federal aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

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

All other revenue items are generally considered to be measurable and available only when cash is received by the District.

Budgetary Information

Budgetary Basis of Accounting

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

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

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

a. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.

b. Public hearings are conducted to obtain taxpayer comments.

c. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the required supplementary information section.

d. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.

e. The budget was amended during the year with supplemental appropriations, the last one approved prior to year-end June 30, 2021. The District does not consider these amendments to be significant.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Cash and Cash Equivalents

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

Investments

In accordance with Michigan Compiled Laws, the District is authorized to invest in the following investment vehicles:

a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.

b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration (NCUA), but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.

c. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services, and which matures not more than 270 days after the date of purchase.

d. The United States government or federal agency obligations repurchase agreements.

e. Bankers' acceptances of United States banks.

f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

Inventories and Prepaids

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Capital Assets

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

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

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

	Years
Building and improvements	20 - 50
Furniture and equipment	5 - 10
Vehicles	5 - 10
Infrastructure	25

Defined Benefit Plans

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

Deferred Outflows

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. They are the deferred charge on refunding, pension, and other postemployment benefits related items reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow is recognized for pension and other postemployment benefit related items. These amounts are expensed in the plan year in which they apply.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Deferred Inflows

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

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance Policies (continued)

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

Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, unrestricted state aid, interest, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes

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

For the year ended June 30, 2021, the District levied the following amounts per $1,000 of assessed valuation:

Fund	Mills
General fund	
Non-Principal Residence Exemption (PRE)	18.00
Commercial Personal Property	6.00
Debt service fund	
PRE, Non-PRE, Commercial Personal Property	4.50

Compensated Absences and Termination Benefits

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses (continued)

Long-term Obligations

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

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

NOTE 2 - DEPOSITS AND INVESTMENTS

As of June 30, 2021the District had deposits and investments subject to the following risk:

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2021, $4,992,801 of the District's bank balance of $5,516,291 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying amount is $5,537,883.

Custodial Credit Risk - Investments

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

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

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Interest Rate Risk

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

Investment Type	Fair Value	Weighted Average Maturity (Years)
MILAF External Investment Pool - CMC	$ 2,402	n/a
MILAF External Investment Pool - MAX	1,034	n/a
Michigan Class Investment Pool	10,993,623	0.1507
Total fair value	$ 10,997,059	
Portfolio weighted average maturity		0.1507

One day maturity equals 0.0027, one year equals 1.00.

Concentration of Credit Risk

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

Investment Type	Fair Value	Rating	Rating Agency
MILAF External Investment Pool - CMC	$ 2,402	AAAm	Standard & Poor's
MILAF External Investment Pool - MAX	1,034	AAAm	Standard & Poor's
Michigan Class Investment Pool	10,993,623	AAAm	Standard & Poor's
Total fair value	$ 10,997,059		

Foreign Currency Risk

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

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Credit Risk

State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2021, the District did not have investments in commercial paper and corporate bonds.

Fair Value Measurement

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

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

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

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

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

At June 30, 2021, the District does not have any investments subject to fair value measurement.

The District voluntarily invests certain excess funds in external pooled investment funds which included money market funds. One of the pooled investment funds utilized by the District is the Michigan Investment Liquid Asset Fund (MILAF). MILAF funds are considered external investment pools as defined by the GASB and as such are recorded at amortized cost which approximate fair value. The MILAF (MAX Class) fund requires notification of redemptions prior to 14 days to avoid penalties. These funds are not subject to the fair value disclosures.

	Amortized Cost
MILAF External Investment Pool- CMC	$ 2,402
MILAF External Investment Pool- MAX	1,033
Total	$ 3,435

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Investments in Entities that Calculate Net Asset Value per Share

The District holds shares or interests in the Michigan CLASS investment pool where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

The Michigan CLASS investment pool invest in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated "A1" or better), collateralized bank deposits, repurchase agreements (collateralized at 102% by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statues and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

At the year ended June 30, 2021, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Michigan Class Investment Pool	$ 10,993,623	$ -	No Restrictions	None

The cash and cash equivalents and investments referred to above have been reported in either the cash and cash equivalents or investments captions on the financial statements, based upon criteria disclosed in Note 1.

The following summarizes the categorization of these amounts as of June 30, 2021:

	Primary Government
Cash and cash equivalents	$ 4,083,950
Investments	10,997,059
Restricted cash and cash equivalents - capital projects	1,453,933
	$ 16,534,942

NOTE 3 - CAPITAL ASSETS

A summary of changes in the District's capital assets follows:

	Balance July 1, 2020	Additions	Deletions/ Reclassification	Balance June 30, 2021
Assets not being depreciated				
Land	$ 2,169,583	$ -	$ -	$ 2,169,583
Construction in progress	-	1,194,893	-	1,194,893
Subtotal	2,169,583	1,194,893	-	3,364,476
Other capital assets				
Building and improvements	73,128,608	8,870	240,000	72,897,478
Furniture and equipment	2,365,552	-	20,290	2,345,262
Vehicles	3,365,154	454,719	74,838	3,745,035
Infrastructure	208,879	-	-	208,879
Subtotal	79,068,193	463,589	335,128	79,196,654
Accumulated depreciation				
Building and improvements	27,514,384	2,284,913	240,000	29,559,297
Furniture and equipment	1,393,496	290,382	20,290	1,663,588
Vehicles	2,697,492	214,466	65,108	2,846,850
Infrastructure	125,326	8,355	-	133,681
Total accumulated depreciation	31,730,698	2,798,116	325,398	34,203,416
Net capital assets being depreciated	47,337,495	(2,334,527)	9,730	44,993,238
Net governmental capital assets	$ 49,507,078	$ (1,139,634)	$ 9,730	$ 48,357,714

Depreciation expense for the fiscal year ended June 30, 2021 amounted to $2,798,116. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

NOTE 4 - INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at June 30, 2021 consist of the following:

	Governmental Funds
Other governmental units	
State aid	$ 5,124,912
Federal revenue	354,531
ISD and other	59,260
	$ 5,538,703

NOTE 4 - INTERGOVERNMENTAL RECEIVABLES (continued)

Amounts due from other intergovernmental units include amounts due from federal, state, and local sources for various projects and programs.

No allowance for doubtful accounts is considered necessary.

NOTE 5 - LONG-TERM OBLIGATIONS

The District issues general obligation bonds to provide funds for the acquisition, construction and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

The following is a summary of governmental long-term obligations for the District for the year ended June 30, 2021:

	General Obligation Bonds	Compensated Absences and Termination Benefits	Total
Balance July 1, 2020	$ 34,018,215	$ 887,462	$ 34,905,677
Additions	-	-	-
Deletions	(2,249,834)	(7,452)	(2,257,286)
Balance June 30, 2021	31,768,381	880,010	32,648,391
Total due within one year	2,075,000	132,002	2,207,002
Total due in more than one year	$ 29,693,381	$ 748,008	$ 30,441,389

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

Long-term obligations at June 30, 2021 is comprised of the following:

General Obligation Bonds	
2015 Refunding bonds, due in annual installments of $525,000 to $1,000,000 through May 1, 2030, with interest from 3.00% to 5.00%.	$ 8,525,000
2016 Building and Site bonds, due in semiannual installments of $100,000 to $705,000 through May 1, 2046, with interest from 3.00% to 3.125%.	15,170,000
2017 Refunding bonds, due in semiannual installments of $350,000 to $995,000 through May 1, 2022, with interest of 1.72%.	1,345,000
2018 Refunding bonds, due in an amount of $105,000 on November 1, 2021, with interest of 1.98%.	105,000
2019 Building and Site bonds, due in semiannual installments of $55,000 to $385,000 through May 1, 2046, with interest from 3.00% to 4.00%.	5,790,000
Plus premium on bond refunding	833,381
Total general obligation bonds	31,768,381
Compensated absences and termination benefits	880,010
Total general long-term obligations	$ 32,648,391

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account, assets and liabilities for the defeased bonds are not included in the District's financial statements. At June 30, 2021, $15,870,000 bonds outstanding are considered defeased.

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

The annual requirements to amortize debt outstanding as of June 30, 2021, including interest payments are as follows:

Year Ending June 30,	General Obligation Bonds Principal	General Obligation Bonds Interest	Compensated Absences and Termination Benefits	Total
2022	$ 2,075,000	$ 979,472	$ -	$ 3,054,472
2023	1,400,000	938,558	-	2,338,558
2024	1,400,000	896,558	-	2,296,558
2025	1,440,000	854,558	-	2,294,558
2026	1,475,000	811,358	-	2,286,358
2027 - 2031	7,515,000	3,175,815	-	10,690,815
2032 - 2036	5,390,000	2,024,915	-	7,414,915
2037 - 2041	5,255,000	1,229,783	-	6,484,783
2042 - 2046	4,985,000	450,632	-	5,435,632
	30,935,000	11,361,649	-	42,296,649
Premium on bond refunding	833,381	-	-	833,381
Compensated absences and termination benefits	-	-	880,010	880,010
	$ 31,768,381	$ 11,361,649	$ 880,010	$ 44,010,040

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Michigan Public School Employees' Retirement System (MPSERS) (System) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the Board's authority to promulgate or amend the provisions of the System. MPSERS issues a publicly available Comprehensive Annual Financial Report that can be obtained at www.michigan.gov/orsschools.

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 option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act.

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 of Michigan Investment Board serves as the investment fiduciary and custodian for the System.

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Benefits Provided - Overall

Participants are enrolled in one of multiple plans based on date of hire and certain voluntary elections. A summary of the plans offered by MPSERS is as follows:

Plan Name	Plan Type	Plan Status
Basic	Defined Benefit	Closed
Member Investment Plan (MIP)	Defined Benefit	Closed
Pension Plus	Hybrid	Closed
Pension Plus 2	Hybrid	Open
Defined Contribution	Defined Contribution	Open

Benefits Provided - Pension

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. Retirement benefits for DB plan members are determined by final average compensation and years of service. 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.

Prior to Pension reform of 2010 there were two plans commonly referred to as Basic and the Member Investment Plan (MIP). Basic Plan member's contributions range from 0% - 4%. On January 1, 1987, the Member Investment Plan (MIP) was enacted. MIP members enrolled prior to January 1, 1990, contribute at a permanently fixed rate of 3.9% of gross wages. Members first hired January 1, 1990, or later including Pension Plus Plan members, contribute at various graduated permanently fixed contribution rates from 3.0% - 7.0%.

Pension Reform 2010

On May 19, 2010, the Governor signed Public Act 75 of 2010 into law. As a result, any member of the Michigan Public School Employees' Retirement System (MPSERS) who became a member of MPSERS after June 30, 2010 is a Pension Plus member. Pension Plus is a hybrid plan that contains a pension component with an employee contribution (graded, up to 6.4% of salary) and a flexible and transferable defined contribution (DC) tax-deferred investment account that earns an employer match of 50% (up to 1% of salary) on employee contributions. Retirement benefits for Pension Plus members are determined by final average compensation and years of service. Disability and survivor benefits are available to Pension Plus members.

Pension Reform 2012

On September 4, 2012, the Governor signed Public Act 300 of 2012 into law. The legislation grants all active members who first became a member before July 1, 2010 and 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 pension. Any changes to a member's pension 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 the reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund.

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2012 (continued)

An amount determined by the member's election of Option 1, 2, 3, or 4 described below:

Option 1 - Members voluntarily elected to increase their contributions to the pension fund as noted below and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they terminate public school employment.

- Basic plan members: 4% contribution
- Member Investment Plan (MIP)-Fixed, MIP-Graded, and MIP-Plus members: a flat 7% contribution

Option 2 - Members voluntarily elected to increase their contribution to the pension fund as stated in Option 1 and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they reach 30 years of service. If and when they reach 30 years of service, their contribution rates will return to the previous level in place as of the day before their transient date (0% for Basic plan members, 3.9% for MIP-Fixed, up to 4.3% for MIP-Graded, or up to 6.4% for MIP-Plus). The pension formula for any service thereafter would include a 1.25% pension factor.

Option 3 - Members voluntarily elected not to increase their contribution to the pension fund and maintain their current level of contribution to the pension fund. The pension formula for their years of service as of the day before their transition date will include a 1.5% pension factor. The pension formula for any service thereafter will include a 1.25% pension factor.

Option 4 - Members voluntarily elected to no longer contribute to the pension fund and therefore are switched to the Defined Contribution plan for future service as of their transition date. As a DC participant they receive a 4% employer contribution to the tax-deferred 401(k) account and can choose to contribute up to the maximum amounts permitted by the IRS to a 457 account. They vest in employer contributions and related earnings in their 401(k)-account based on the following schedule: 50% at 2 years, 75% at 3 years, and 100% at 4 years of service. They are 100% vested in any personal contributions and related earnings in their 457 account. Upon retirement, if they meet age and service requirements (including their total years of service), they would also receive a pension (calculated based on years of service and final average compensation as of the day before their transition date and a 1.5% pension factor).

Members who did not make an election before the deadline defaulted to Option 3 as described above. Deferred or nonvested public school employees on September 3, 2012, who return to public school employment on or after September 4, 2012, will be considered as if they had elected Option 3 above. Returning members who made the retirement plan election will retain whichever option they chose.

Employees who first work on or after September 4, 2012 choose between two retirement plans: The Pension Plus Plan and a Defined Contribution that provides a 50% employer match up to 3% of salary on employee contributions.

Final Average Compensation (FAC) - Average of highest 60 consecutive months for Basic Plan members and Pension Plus members (36 months for MIP members). FAC is calculated as of the last day worked unless the member elected Option 4, in which case the FAC is calculated at the transition date.

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform of 2017

On July 13, 2017, the Governor signed Public Act 92 of 2017 into law. The legislation closed the Pension Plus plan to newly hired employees as of February 1, 2018 and created a new, optional Pension Plus 2 plan with similar plan benefit calculations but containing a 50/50 cost share between the employee and the employer, including the cost of future unfunded liabilities. The assumed rate of return on the Pension Plus 2 plan is 6%. Further, under certain adverse actuarial conditions, the Pension Plus 2 plan will close to new employees if the actuarial funded ratio falls below 85% for two consecutive years. The law included other provisions to the retirement eligibility age, plan assumptions, and unfunded liability payment methods.

Benefits Provided - Other Postemployment Benefit (OPEB)

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 health care 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.

Retiree Healthcare Reform of 2012

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 will be deposited into their 401(k) accounts.

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Regular Retirement (no reduction factor for age)

Eligibility - A Basic plan member may retire at age 55 with 30 years credited service; or age 60 with 10 years credited service. For Member Investment Plan (MIP) members, age 46 with 30 years credited service; or age 60 with 10 years credited service; or age 60 with 5 years of credited service provided member worked through 60th birthday and has credited service in each of the last 5 years. For Pension Plus Plan (PPP) members, age 60 with 10 years of credited service.

Annual Amount - The annual pension is paid monthly for the lifetime of a retiree. The calculation of a member's pension is determined by their pension election under PA 300 of 2012.

Member Contributions

Depending on the plan selected, member contributions range from 0% - 7% for pension and 0% - 3% for other postemployment benefits. Plan members electing the Defined Contribution plan are not required to make additional contributions.

Employer Contributions

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of pension benefits and OPEB. 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 normal cost is the annual cost assigned under the actuarial funding method, to the current and subsequent plan years. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis.

Pension and OPEB contributions made in the fiscal year ending September 30, 2020 were determined as of the September 30, 2017 actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2017 are amortized over a 19-year period beginning October 1, 2019 and ending September 30, 2038.

School districts' contributions are determined based on employee elections. There are several different benefit options included in the plan available to employees based on date of hire. Contribution rates are adjusted annually by the ORS. The range of rates is as follows:

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

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Employer Contributions (continued)

The District's pension contributions for the year ended June 30, 2021 were equal to the required contribution total. Total pension contributions were approximately $5,528,000. Of the total pension contributions approximately $5,346,000 was contributed to fund the Defined Benefit Plan and approximately $182,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2021 were equal to the required contribution total. Total OPEB contributions were approximately $1,534,000. Of the total OPEB contributions approximately $1,414,000 was contributed to fund the Defined Benefit Plan and approximately $120,000 was contributed to fund the Defined Contribution Plan.

These amounts, for both pension and OPEB benefit, include contributions funded from State Revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate (100% for pension and 0% for OPEB).

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

Pension Liabilities

The net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2019 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

MPSERS (Plan) Non-university Employers	September 30, 2020	September 30, 2019
Total pension liability	$ 85,290,583,799	$ 83,442,507,212
Plan fiduciary net position	$ 50,939,496,006	$ 50,325,869,388
Net pension liability	$ 34,351,087,793	$ 33,116,637,824
Proportionate share	0.17853%	0.17531%
Net pension liability for the District	$ 61,326,358	$ 58,055,274

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

For the year ended June 30, 2021, the District recognized pension expense of $9,942,790.

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

At June 30, 2021, the Reporting Unit 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
Changes of assumptions	$ 6,795,552	$ -
Net difference between projected and actual earnings on pension plan investments	257,666	-
Differences between expected and actual experience	937,016	130,892
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,831,077	54,938
Employer contributions subsequent to the measurement date	4,990,599	-
	$ 14,811,910	$ 185,830

$4,990,599, reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30,	Amount
2021	$ 4,434,090
2022	3,063,865
2023	1,628,305
2024	509,221

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

OPEB Liabilities

The net OPEB liability was measured as of September 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of September 30, 2019 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined.

MPSERS (Plan) Non-university Employers	September 30, 2020	September 30, 2019
Total OPEB liability	$ 13,206,903,534	$ 13,925,860,688
Plan fiduciary net position	$ 7,849,636,555	$ 6,748,112,668
Net OPEB liability	$ 5,357,266,979	$ 7,177,748,020
Proportionate share	0.18158%	0.17662%
Net OPEB liability for the District	$ 9,727,966	$ 12,677,020

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

For the year ended June 30, 2021, the District recognized OPEB expense of $42,431.

At June 30, 2021, the Reporting Unit 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
Changes of assumptions	$ 3,207,504	$ -
Net difference between projected and actual earnings on OPEB plan investments	81,191	-
Differences between expected and actual experience	-	7,248,244
Changes in proportion and differences between employer contributions and proportionate share of contributions	823,613	12,907
Employer contributions subsequent to the measurement date	1,257,446	-
	$ 5,369,754	$ 7,261,151

$1,257,446, reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

<u>OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended September 30,	Amount
2021	$ (834,609)
2022	(722,339)
2023	(608,476)
2024	(546,556)
2025	(436,863)

<u>Actuarial Assumptions</u>

Investment Rate of Return for Pension - 6.80% a year, compounded annually net of investment and administrative expenses for the MIP, Basic and Pension Plus groups and 6.00% a year, compounded annually net of investment and administrative expenses for Pension Plus 2 Plan.

Investment Rate of Return for OPEB - 6.95% a year, compounded annually net of investment and administrative expenses.

Salary Increases - The rate of pay increase used for individual members is 2.75% - 11.55%, including wage inflation at 2.75%.

Inflation - 3.0%.

Mortality Assumptions:

Retirees: RP-2014 Male and Female Healthy Annuitant Mortality Tables scaled by 82% for males and 78% for females and adjusted for morality improvements using projection scale MP-2017 from 2006.

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

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

Experience Study - The annual actuarial valuation report of the System used for these statements is dated September 30, 2019. 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 determination of the total pension and OPEB liability beginning with the September 30, 2018 Comprehensive Annual Financial Report.

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

The Long-Term Expected Rate of Return on Pension and Other Postemployment Benefit Plan Investments - The pension rate was 6.80% (MIP, Basic, and Pension Plus Plan) and 6.00% for Pension Plus 2 Plan, and the other postemployment benefit rate was 6.95%, net of investment and administrative expenses was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension and 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.

Cost of Living Pension Adjustments - 3.0% annual non-compounded for MIP members.

Healthcare Cost Trend Rate for Other Postemployment Benefit - 7.0% for year one and graded to 3.5% in year fifteen.

Additional Assumptions for Other Postemployment Benefit Only - Applies to Individuals Hired Before September 4, 2012:

Opt Out Assumption - 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 coverage 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.

The target asset allocation at September 30, 2020 and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Investment Category	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	25.0%	5.6%
International Equity Pools	15.0%	7.4%
Private Equity Pools	16.0%	9.3%
Real Estate and Infrastructure Pools	10.0%	4.9%
Fixed Income Pools	10.5%	0.5%
Absolute Return Pools	9.0%	3.2%
Real Return/Opportunistic Pools	12.5%	6.6%
Short Term Investment Pools	2.0%	-0.1%
	100.0%	

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

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

Rate of Return - For fiscal year ended September 30, 2020, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 5.37% and 5.24% respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Discount Rate - A single discount rate of 6.80% was used to measure the total pension liability (6.00% for the Pension Plus 2 Plan). This discount rate was based on the expected rate of return on pension plan investments of 6.80% (6.00% for the Pension Plus 2 Plan). The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions from school districts will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those 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.

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the Reporting Unit's proportionate share of the net pension liability calculated using a single discount rate of 6.80% (6.00% for the Pension Plus 2 Plan), as well as what the Reporting Unit's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Pension		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net pension liability	$ 79,376,567	$ 61,326,358	$ 46,366,758

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the Reporting Unit's proportionate share of the net OPEB liability calculated using a single discount rate of 6.95%, as well as what the Reporting Unit'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 than the current rate:

	Other Postemployment Benefits		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate of the net other postemployment benefit liability	$ 12,496,678	$ 9,727,966	$ 7,396,943

NOTE 6 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

Sensitivity to the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the Reporting Unit's proportionate share of the net other postemployment benefit liability calculated using the healthcare cost trend rate of 7.0% (decreasing to 3.5%), as well as what the Reporting Unit's proportionate share of the net other postemployment benefit liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Other Postemployment Benefits		
	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability	$ 7,307,692	$ 9,727,966	$ 12,480,729

Pension and OPEB Plan Fiduciary Net Position

Detailed information about the pension and OPEB's fiduciary net position is available in the separately issued Michigan Public School Employees' Retirement System 2020 Comprehensive Annual Financial Report.

Payable to the Pension and OPEB Plan - At year end the School District is current on all required pension and other postemployment benefit plan payments. Amounts accrued at year end for accounting purposes are separately stated in the financial statements as a liability titled accrued retirement. These amounts represent current payments for June paid in July, accruals for summer pay primarily for teachers, and the contributions due from State Revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL).

NOTE 7 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District purchases commercial insurance to cover any losses that may result from the above-described activities. No settlements have occurred in excess of coverage for the year ended June 30, 2021.

NOTE 8 - INTERFUND RECEIVABLES AND PAYABLES

Receivable Fund		Payable Fund	
2019 Capital Projects Fund	$ 3,784,307	General Fund	$ 3,784,307

The outstanding balances between funds result mainly from the time lag between dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE 9 - TRANSFERS

The general fund transferred $1,274,000 to the capital projects fund for future capital purchases.

NOTE 10 - CONTINGENT LIABILITIES

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

NOTE 11 - TAX ABATEMENTS

The District is required to disclose significant tax abatements as required by GASB Statement No. 77, *Tax Abatements*.

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

Municipality	Taxes Abated
Holland	$ 194,576

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

There are no abatements made by the District.

NOTE 12 - UPCOMING ACCOUNTING PRONOUNCEMENTS

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, was issued by the GASB in June 2017. The objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources 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. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2021-2022 fiscal year.

NOTE 12 - UPCOMING ACCOUNTING PRONOUNCEMENTS (continued)

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. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2022-2023 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

HAMILTON COMMUNITY SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local sources	$ 3,806,400	$ 3,870,000	$ 3,805,257	$ (64,743)
State sources	24,581,500	26,996,400	26,933,121	(63,279)
Federal sources	934,200	2,210,400	2,179,692	(30,708)
Intermediate school districts	3,369,300	3,491,200	3,534,762	43,562
TOTAL REVENUES	32,691,400	36,568,000	36,452,832	(115,168)
EXPENDITURES				
Current				
Instruction				
Basic programs	17,653,900	17,823,000	17,699,401	123,599
Added needs	3,985,200	4,124,200	4,011,104	113,096
Total instruction	21,639,100	21,947,200	21,710,505	236,695
Supporting services				
Pupil	1,838,700	1,986,100	1,992,889	(6,789)
Instructional staff	1,355,600	2,016,100	2,003,925	12,175
General administration	540,300	512,600	518,895	(6,295)
School administration	1,957,100	2,008,400	2,014,695	(6,295)
Business	418,000	435,600	434,216	1,384
Operations and maintenance	2,874,200	3,339,400	3,332,951	6,449
Pupil transportation	2,037,300	1,584,700	1,515,104	69,596
Central	602,900	550,500	542,217	8,283
Athletics	795,400	762,600	771,358	(8,758)
Total supporting services	12,419,500	13,196,000	13,126,250	69,750
Community services	285,500	266,100	246,663	19,437
TOTAL EXPENDITURES	34,344,100	35,409,300	35,083,418	325,882
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,652,700)	1,158,700	1,369,414	210,714
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	37,566	37,566
Transfers out	-	(1,158,700)	(1,274,000)	(115,300)
TOTAL OTHER FINANCING SOURCES (OTHER)	-	(1,158,700)	(1,236,434)	(77,734)
NET CHANGE IN FUND BALANCE	$ (1,652,700)	$ -	132,980	$ 132,980
FUND BALANCE				
Beginning of year			7,062,259	
End of year			$ 7,195,239	

HAMILTON COMMUNITY SCHOOLS
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)

	2020	2019	2018	2017	2016	2015	2014
Reporting Unit's proportion of net pension liability (%)	0.17853%	0.17531%	0.17143%	0.16627%	0.16002%	0.15785%	0.15660%
Reporting Unit's proportionate share of net pension liability	$ 61,326,358	$ 58,055,274	$ 51,536,155	$ 43,088,631	$ 39,924,107	$ 38,553,896	$ 34,494,548
Reporting Unit's covered-employee payroll	$ 16,184,798	$ 15,495,986	$ 14,983,812	$ 14,121,247	$ 13,576,954	$ 13,176,797	$ 13,315,468
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	378.91%	374.65%	343.95%	305.13%	294.06%	292.59%	259.06%
Plan fiduciary net position as a percentage of total pension liability (Non-university employers)	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, the District presents information for those years for which information is available.

HAMILTON COMMUNITY SCHOOLS
SCHEDULE OF THE REPORTING UNIT'S PENSION CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)

	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	$ 5,346,426	$ 4,779,024	$ 4,505,587	$ 4,443,226	$ 3,851,910	$ 3,492,627	$ 2,960,149
Contributions in relation to statutorily required contributions	5,346,426	4,779,024	4,505,587	4,443,226	3,851,910	3,492,627	2,960,149
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Reporting Unit's covered-employee payroll	$ 16,484,474	$ 15,915,848	$ 15,486,161	$ 14,680,686	$ 14,280,600	$ 13,341,334	$ 13,221,971
Contributions as a percentage of covered-employee payroll	32.43%	30.03%	29.09%	30.27%	26.97%	26.18%	22.39%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, the District presents information for those years for which information is available.

HAMILTON COMMUNITY SCHOOLS
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)

	2020	2019	2018	2017
Reporting Unit's proportion of net OPEB liability (%)	0.18158%	0.17662%	0.17559%	0.16618%
Reporting Unit's proportionate share of net OPEB liability	$ 9,727,966	$ 12,677,020	$ 13,957,957	$ 14,715,642
Reporting Unit's covered-employee payroll	$ 16,184,798	$ 15,495,986	$ 14,983,812	$ 14,121,247
Reporting Unit's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	60.11%	81.81%	93.15%	104.21%
Plan fiduciary net position as a percentage of total OPEB liability (Non-university employers)	59.44%	48.46%	42.95%	36.39%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, the District presents information for those years for which information is available.

HAMILTON COMMUNITY SCHOOLS
SCHEDULE OF THE REPORTING UNIT'S OPEB CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)

	2021	2020	2019	2018
Statutorily required contributions	$ 1,413,735	$ 1,335,358	$ 1,222,550	$ 1,255,324
Contributions in relation to statutorily required contributions	1,413,735	1,335,358	1,222,550	1,255,324
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Reporting Unit's covered-employee payroll	$ 16,484,474	$ 15,915,848	$ 15,486,161	$ 14,680,686
Contributions as a percentage of covered-employee payroll	8.58%	8.39%	7.89%	8.55%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, the District presents information for those years for which information is available.

NOTE 1 - PENSION INFORMATION

Benefit changes - there were no changes of benefit terms in 2020.

Changes of assumptions - there were no changes of assumptions in 2020.

NOTE 2 - OPEB INFORMATION

Benefit changes - there were no changes of benefit terms in 2020.

Changes of assumptions - the assumption changes for 2020 were:

> Healthcare cost trend rate decreased to 7.00% Year 1 graded to 3.50% Year 15 from 7.50% Year 1 graded to 3.50% Year 12.

ADDITIONAL SUPPLEMENTARY INFORMATION

HAMILTON COMMUNITY SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES
JUNE 30, 2021

	Special Revenue Fund				
	Food Service	Student/ School Activities	Capital Projects Funds	Debt Service Funds	Total Nonmajor Funds
ASSETS					
Cash and cash equivalents	$ 234,443	$ 355,092	$ 1,522,681	$ 1,969,534	$ 4,081,750
Receivables					
Accounts receivable	5,882	-	-	-	5,882
Interest receivable	-	-	-	18	18
Intergovernmental	61,442	-	-	-	61,442
Inventories	11,985	-	-	-	11,985
Restricted cash and cash equivalents	-	-	121,325	-	121,325
TOTAL ASSETS	$ 313,752	$ 355,092	$ 1,644,006	$ 1,969,552	$ 4,282,402
LIABILITIES					
Accounts payable	$ 3,937	$ 13,676	$ -	$ -	$ 17,613
Unearned revenue	46,714	-	-	-	46,714
TOTAL LIABILITIES	50,651	13,676	-	-	64,327
FUND BALANCES					
Nonspendable for inventories	11,985	-	-	-	11,985
Restricted for:					
Debt service	-	-	-	1,969,552	1,969,552
Food service	251,116	-	-	-	251,116
Committed for:					
Capital projects	-	-	1,644,006	-	1,644,006
School/student activities	-	341,416	-	-	341,416
TOTAL FUND BALANCES	263,101	341,416	1,644,006	1,969,552	4,218,075
TOTAL LIABILITIES AND FUND BALANCES	$ 313,752	$ 355,092	$ 1,644,006	$ 1,969,552	$ 4,282,402

HAMILTON COMMUNITY SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2021

	Special Revenue Fund				
	Food Service	Student/ School Activities	Capital Projects Funds	Debt Service	Total Nonmajor Funds
REVENUES					
Local sources					
Property taxes	$ -	$ -	$ -	$ 3,849,905	$ 3,849,905
Food sales	60,005	-	-	-	60,005
Student/school activities	-	371,800	-	-	371,800
Investment earnings	-	-	-	1,594	1,594
Other	-	-	218,000	1	218,001
State sources	79,086	-	-	371,820	450,906
Federal sources	906,979	-	-	-	906,979
TOTAL REVENUES	1,046,070	371,800	218,000	4,223,320	5,859,190
EXPENDITURES					
Current					
Special revenue activities					
Salaries	277,513	-	-	-	277,513
Benefits	143,717	-	-	-	143,717
Supplies and materials	503,746	-	-	-	503,746
Other expenses	12,555		-	-	12,555
Student/school activities	-	377,635	-	-	377,635
Debt service					
Principal repayment	-	-	-	2,170,000	2,170,000
Interest	-	-	-	1,023,273	1,023,273
Other expenses	-	-	-	5,503	5,503
Capital outlay	-	-	431,319	-	431,319
TOTAL EXPENDITURES	937,531	377,635	431,319	3,198,776	4,945,261
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	108,539	(5,835)	(213,319)	1,024,544	913,929
OTHER FINANCING USES (USES)					
Transfers in	-	-	1,274,000	-	1,274,000
NET CHANGE IN FUND BALANCES	108,539	(5,835)	1,060,681	1,024,544	2,187,929
FUND BALANCES					
Beginning of year	154,562	347,251	583,325	945,008	2,030,146
End of year	$ 263,101	$ 341,416	$ 1,644,006	$ 1,969,552	$ 4,218,075

HAMILTON COMMUNITY SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2021

	Building and Site	2017 Capital Projects	Totals
ASSETS			
Cash and cash equivalents	$ -	$ 1,522,681	$ 1,522,681
Restricted cash and cash equivalents	121,325	-	121,325
TOTAL ASSETS	$ 121,325	$ 1,522,681	$ 1,644,006
FUND BALANCES			
Committed for capital projects	$ 121,325	$ 1,522,681	$ 1,644,006

HAMILTON COMMUNITY SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2021

	Building and Site	2017 Capital Projects	Totals
REVENUES			
Local sources			
Other	$ -	$ 218,000	$ 218,000
EXPENDITURES			
Capital outlay	-	431,319	431,319
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(213,319)	(213,319)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	1,274,000	1,274,000
NET CHANGE IN FUND BALANCES	-	1,060,681	1,060,681
FUND BALANCES			
Beginning of year	121,325	462,000	583,325
End of year	$ 121,325	$ 1,522,681	$ 1,644,006

HAMILTON COMMUNITY SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
JUNE 30, 2021

	2015 Refunding	2016 Debt Retirement	2017 Refunding	2018 Refunding	2019 Debt Retirement	Totals
ASSETS						
Cash and cash equivalents	$ 489,235	$ 415,866	$ 65,803	$ 608,920	$ 389,710	$ 1,969,534
Interest receivable	18	-	-	-	-	18
TOTAL ASSETS	$ 489,253	$ 415,866	$ 65,803	$ 608,920	$ 389,710	$ 1,969,552
FUND BALANCES						
Restricted for debt service	$ 489,253	$ 415,866	65,803	$ 608,920	$ 389,710	$ 1,969,552

HAMILTON COMMUNITY SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2021

	2015 Refunding	2016 Debt Retirement	2017 Refunding	2018 Refunding	2019 Debt Retirement	Totals
REVENUES						
Local sources						
Property taxes	$ 932,532	$ 744,311	$ 1,377,408	$ 316,609	$ 479,045	$ 3,849,905
Investment earnings	385	308	570	130	201	1,594
Other	-	-	-	1	-	1
Total local revenues	932,917	744,619	1,377,978	316,740	479,246	3,851,500
State sources	90,063	71,885	133,029	30,572	46,271	371,820
TOTAL REVENUES	1,022,980	816,504	1,511,007	347,312	525,517	4,223,320
EXPENDITURES						
Principal repayment	500,000	100,000	1,400,000	170,000	-	2,170,000
Interest	335,750	461,231	44,204	3,763	178,325	1,023,273
Other expenses	501	1,000	1,000	-	3,002	5,503
TOTAL EXPENDITURES	836,251	562,231	1,445,204	173,763	181,327	3,198,776
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	186,729	254,273	65,803	173,549	344,190	1,024,544
FUND BALANCES						
Beginning of year	302,524	161,593	-	435,371	45,520	945,008
End of year	$ 489,253	$ 415,866	$ 65,803	$ 608,920	$ 389,710	$ 1,969,552

HAMILTON COMMUNITY SCHOOLS
LONG TERM DEBT
BONDED DEBT
JUNE 30, 2021

2015 Refunding Bonds

Fiscal Year June 30,	Interest Rate	Principal Due May 1,	Interest Due May 1	Interest Due November 1	Total Due Annually
2022	3.00%	$ 525,000	$ 160,375	$ 160,375	$ 845,750
2023	3.00%	1,000,000	152,500	152,500	1,305,000
2024	3.00%	1,000,000	137,500	137,500	1,275,000
2025	3.00%	1,000,000	122,500	122,500	1,245,000
2026	4.00%	1,000,000	107,500	107,500	1,215,000
2027	4.00%	1,000,000	87,500	87,500	1,175,000
2028	4.00%	1,000,000	67,500	67,500	1,135,000
2029	4.50%	1,000,000	47,500	47,500	1,095,000
2030	5.00%	1,000,000	25,000	25,000	1,050,000
Total 2015 bonded debt		$ 8,525,000	$ 907,875	$ 907,875	$ 10,340,750

The above bonds dated May 21, 2015 were issued for the purpose of refunding that portion of the District's outstanding 2005 Refunding Bonds, dated March 30, 2005 which are due and payable May 1, 2016 through May 1, 2018, currently refunding that portion of the District's outstanding 2010 School Building & Site Bonds, dated January 27, 2010, which are due and payable May 1, 2016 through May 1, 2030, paying the applicable redemption premium on the 2010 bonds, and paying the costs of issuing the 2015 Refunding Bonds. The amount of the original bond issue was $16,520,000.

HAMILTON COMMUNITY SCHOOLS
LONG TERM DEBT
BONDED DEBT
JUNE 30, 2021

2016 Building and Site Bonds

Fiscal Year June 30,	Interest Rate	Principal Due May 1	Principal Due November 1	Interest Due May 1	Interest Due November 1	Total Due Annually
2022	3.000%	$ -	$ 100,000	$ 229,116	$ 230,116	$ 559,232
2023	3.000%	200,000	200,000	226,116	229,116	855,232
2024	3.000%	200,000	200,000	220,116	223,116	843,232
2025	3.000%	240,000	200,000	214,116	217,116	871,232
2026	3.000%	275,000	200,000	207,516	210,516	893,032
2027	3.000%	325,000	200,000	200,391	203,391	928,782
2028	3.000%	325,000	200,000	192,516	195,516	913,032
2029	3.000%	325,000	200,000	184,641	187,641	897,282
2030	3.000%	330,000	200,000	176,766	179,766	886,532
2031	3.000%	605,000	100,000	170,316	171,816	1,047,132
2032	3.000%	605,000	100,000	159,741	161,241	1,025,982
2033	3.000%	605,000	100,000	149,166	150,666	1,004,832
2034	3.000%	605,000	100,000	138,591	140,091	983,682
2035	3.000%	705,000	-	129,516	129,516	964,032
2036	3.000%	705,000	-	118,941	118,941	942,882
2037	3.000%	705,000	-	108,366	108,366	921,732
2038	3.000%	705,000	-	97,791	97,791	900,582
2039	3.000%	705,000	-	87,216	87,216	879,432
2040	3.125%	705,000	-	76,641	76,641	858,282
2041	3.125%	700,000	-	65,625	65,625	831,250
2042	3.125%	700,000	-	54,688	54,688	809,376
2043	3.125%	700,000	-	43,750	43,750	787,500
2044	3.125%	700,000	-	32,813	32,813	765,626
2045	3.125%	700,000	-	21,875	21,875	743,750
2046	3.125%	700,000	-	10,938	10,938	721,876
Total 2016 Building and Site Bonds		$ 13,070,000	$ 2,100,000	$ 3,317,268	$ 3,348,268	$ 21,835,536

The above bonds dated June 7, 2016, were issued for the purpose of erecting, furnishing and equipping an addition to, installing security measures for, remodeling, equipping, and furnishing and refurnishing school buildings; acquiring and installing instructional technology and instructional technology equipment for school buildings; erecting transportation and supporting athletic buildings; purchasing school buses; and preparing, developing and improving playgrounds, play fields, athletic fields and facilities, parking areas and sites and to pay costs of issuance for the bonds. The amount of the original issue was $16,195,000.

HAMILTON COMMUNITY SCHOOLS
LONG TERM DEBT
BONDED DEBT
JUNE 30, 2021

2017 Refunding Bonds

		Principal Due		Interest Due		
Fiscal Year June 30,	Interest Rate	May 1	November 1	May 1	November 1	Total Due Annually
2022	1.72%	$ 995,000	$ 350,000	$ 8,557	$ 11,567	$ 1,365,124

The above bonds dated June 6, 2017 were issued for the purpose of advance refunding that portion of the District's outstanding 2008 Refunding bonds, dated March 27, 2008, which were due and payable on May 1, 2018 through May 1, 2023, and to pay the costs of issuing the bonds. The amount of the original bond issue was $5,885,000.

HAMILTON COMMUNITY SCHOOLS
LONG TERM DEBT
BONDED DEBT
JUNE 30, 2021

2018 Refunding Bonds

Fiscal Year June 30,	Interest Rate	Principal Due November 1,	Interest Due May 1	Interest Due November 1	Total Due Annually
2022	1.98%	$ 105,000	$ -	$ 1,040	$ 106,040

The above bonds dated February 15, 2018, were issued for the purpose of refunding that portion of the District's outstanding 2008 Refunding Bonds, dated March 27, 2008, which were due and payable on May 1, 2020 ($225,000), May 1, 2021 ($235,000), May 1, 2022 ($240,000), and May 1, 2023 ($250,000) and to pay the costs of issuing the bonds. The amount of the original bond issue was $975,000.

HAMILTON COMMUNITY SCHOOLS
LONG TERM DEBT
BONDED DEBT
JUNE 30, 2021

2019 Building and Site Bonds

Fiscal Year June 30,	Interest Rate	Principal Due May 1	Principal Due November 1	Interest Due May 1	Interest Due November 1	Total Due Annually
2022	4.000%	$ -	$ -	$ 89,163	$ 89,163	$ 178,326
2023	4.000%	-	-	89,163	89,163	178,326
2024	4.000%	-	-	89,163	89,163	178,326
2025	4.000%	-	-	89,163	89,163	178,326
2026	4.000%	-	-	89,163	89,163	178,326
2027	4.000%	-	-	89,163	89,163	178,326
2028	4.000%	-	55,000	88,063	89,163	232,226
2029	4.000%	-	105,000	85,963	88,063	279,026
2030	4.000%	-	160,000	82,763	85,963	328,726
2031	3.000%	-	385,000	76,988	82,763	544,751
2032	3.000%	-	385,000	71,213	76,988	533,201
2033	3.000%	-	375,000	65,588	71,213	511,801
2034	3.000%	-	375,000	59,963	65,588	500,551
2035	3.000%	-	365,000	54,488	59,963	479,451
2036	3.000%	-	365,000	49,013	54,488	468,501
2037	3.000%	-	355,000	43,688	49,013	447,701
2038	3.000%	-	355,000	38,363	43,688	437,051
2039	3.000%	-	345,000	33,188	38,363	416,551
2040	3.000%	-	345,000	28,013	33,188	406,201
2041	3.000%	-	335,000	22,988	28,013	386,001
2042	3.000%	-	335,000	17,963	22,988	375,951
2043	3.000%	-	295,000	13,538	17,963	326,501
2044	3.125%	-	285,000	9,084	13,538	307,622
2045	3.125%	-	285,000	4,631	9,084	298,715
2046	3.250%	85,000	200,000	4,631	9,084	298,715
Total 2019 Building and Site Bonds		$ 85,000	$ 5,705,000	$ 1,385,107	$ 1,474,092	$ 8,649,199

The above bonds dated June 18, 2019 were issued for the purpose of erecting, furnishing and equipping an addition to, installing security measures for, remodeling, equipping, and furnishing and refurnishing school buildings; acquiring and installing instructional technology and instructional technology equipment for school buildings; erecting transportation and supporting athletic buildings; purchasing school buses; and preparing, developing and improving playgrounds, play fields, athletic fields and facilities, parking areas and sites and to pay costs of issuance for the bonds. The amount of the original issue was $6,380,000.

HAMILTON COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued Revenue 7/1/2020	(Memo Only) Prior Year Expenditures	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued Revenue 6/30/2021
U.S. Department of Agriculture									
Passed through Michigan Department of Education									
Child Nutrition Cluster									
Non-cash assistance (donated foods)									
National School Lunch Program - Entitlement	10.555	N/A	$ 63,652	$ -	$ -	$ -	$ 63,652	$ 63,652	$ -
National School Lunch Program - Bonus		N/A	926	-	-	-	926	926	-
Total non-cash assistance (donated foods)			64,578	-	-	-	64,578	64,578	-
Cash Assistance									
COVID-19 - National School Lunch Program	10.555	200902	196,927	41,057	-	-	-	41,057	-
Total CFDA #10.555			261,505	41,057	-	-	64,578	105,635	-
COVID-19 - Summer Food Service Program for Children	10.559	200900	66,937	-	-	-	66,937	66,937	-
COVID-19 - Summer Food Service Program for Children		210904	775,464	-	-	-	775,464	721,576	53,888
Total CFDA #10.559			842,401	-	-	-	842,401	788,513	53,888
Total cash assistance			1,039,328	41,057	-	-	842,401	829,570	53,888
Total Child Nutrition Cluster			1,103,906	41,057	-	-	906,979	894,148	53,888
U.S. Department of Education									
Passed through Michigan Department of Education									
Title I Grants to Local Educational Agencies	84.010	201530-1920	136,737	24,579	134,579	-	-	24,579	-
Title I Grants to Local Educational Agencies		211530-2021	174,072	-	-	-	172,072	163,900	8,172
Total CFDA #84.010			310,809	24,579	134,579	-	172,072	188,479	8,172
Supporting Effective Instruction State Grants	84.367	210520-2021	51,757	-	-	-	49,957	2,700	47,257
Student Support and Academic Enrichment	84.424	200750-1920	10,068	868	10,068	-	-	868	-
Student Support and Academic Enrichment		210750-2021	10,000	-	-	-	10,000	6,600	3,400
Total CFDA #84.424			20,068	868	10,068	-	10,000	7,468	3,400
Education Stabilization Fund									
COVID-19 Elementary and Secondary School									
Emergency Relief Fund (ESSER I)	84.425D	203710-1920	111,906	-	-	-	111,906	-	111,906

The accompanying notes are an integral part of this schedule.

HAMILTON COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued Revenue 7/1/2020	(Memo Only) Prior Year Expenditures	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued Revenue 6/30/2021
U.S. Department of Education									
Passed through Ottawa Area Intermediate School District									
Special Education Cluster									
Special Education Grants to States	84.027	200450-1920	$ 590,172	$ 108,922	$ 586,335	$ -	$ 3,837	$ 112,759	$ -
Special Education Grants to States		210450-2021	605,295	-	-	-	598,925	474,287	124,638
Total CFDA #84.027			1,195,467	108,922	586,335	-	602,762	587,046	124,638
Special Education Preschool Grants	84.173	200460-1920	20,371	2,116	20,371	-	-	2,116	-
Special Education Preschool Grants		210460-2021	10,379	-	-	-	10,379	10,379	-
Total CFDA #84.173			30,750	2,116	20,371	-	10,379	12,495	-
Total Special Education Cluster			1,226,217	111,038	606,706	-	613,141	599,541	124,638
McKinney-Vento Homeless	84.196	202320-1920	707	707	707	-	-	707	-
McKinney-Vento Homeless		212320-2021	1,380	-	-	-	1,380	1,380	-
Total CFDA #84.196			2,087	707	707	-	1,380	2,087	-
Passed through Kent Intermediate School District									
Title III - English Language Acquisition	84.365	200580-1920	7,020	7,020	7,020	-	-	7,020	-
Passed through Ottawa Area Intermediate School District									
Title III - English Language Acquisition	84.365	210580-2021	8,166	-	-	-	8,166	3,971	4,195
Passed through Michigan Department of Education									
Title III - Immigrant Studies	84.365	200570-1920	1,631	711	1,631	-	-	711	-
Title III - Immigrant Studies		210570-2021	1,975	-	-	-	1,975	900	1,075
Total CFDA #84.365			18,792	7,731	8,651	-	10,141	12,602	5,270

The accompanying notes are an integral part of this schedule.

HAMILTON COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued Revenue 7/1/2020	(Memo Only) Prior Year Expenditures	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued Revenue 6/30/2021
U.S. Department of Health and Human Services									
Passed through Ottawa Area Intermediate School District									
Medicaid Cluster									
Medical Assistance Program	93.778	N/A	$ 5,092	$ 821	$ 5,092	$ -	$ -	$ 821	$ -
Medical Assistance Program		N/A	2,450	-	-	-	2,450	2,450	-
Total CFDA #93.778			7,542	821	5,092	-	2,450	3,271	-
U.S. Department of Treasury									
Passed through Michigan Department of Education									
COVID-19 Coronavirus Relief Funds	21.019	11(p)	1,117,032	-	-	-	1,117,032	1,117,032	-
COVID-19 Coronavirus Relief Funds		103(2)	39,319	-	-		39,319	39,319	-
Total Passed through Michigan Department of Education			1,156,351	-	-	-	1,156,351	1,156,351	-
Passed through Gun Lake Casino									
COVID-19 Coronavirus Relief Funds	21.019	N/A	25,000	-	-	-	25,000	25,000	-
Passed through MAISA/Copper County ISD									
COVID-19 Coronavirus Relief Funds - MiConnect Connectivity Funding	21.019	N/A	27,294	-	-	-	27,294	27,294	-
Total CFDA #21.019			1,208,645	-	-	-	1,208,645	1,208,645	-
TOTAL FEDERAL AWARDS			$ 4,061,729	$ 186,801	$ 765,803	$ -	$ 3,086,671	$ 2,918,941	$ 354,531

The accompanying notes are an integral part of this schedule.

HAMILTON COMMUNITY SCHOOLS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Hamilton Community Schools under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Hamilton Community Schools, it is not intended to and does not present the financial position or changes in net position of Hamilton Community Schools.

Management has utilized the Cash Management System (CMS) and the Grant Auditor Report in preparing the Schedule of Expenditures of Federal Awards. The District did not pass through any funds.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. Hamilton Community Schools has elected to not use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 - RECONCILIATION WITH AUDITED FINANCIAL STATEMENTS

Federal expenditures are reported as revenue in the following funds in the financial statements:

General fund	$ 2,179,692
Other nonmajor governmental funds	906,979
Total federal revenue in the fund financial statements	$ 3,086,671

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

To the Board of Education
Hamilton Community Schools

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hamilton Community Schools as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Hamilton Community Schools basic financial statements and have issued our report thereon dated September 24, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hamilton Community Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Maner Costerisan PC

September 24, 2021

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

To the Board of Education
Hamilton Community Schools

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our unmodified opinion on compliance for its major federal program. However, our audit does not provide a legal determination of Hamilton Community Schools' compliance.

Opinion on Each Major Federal Program

In our opinion, Hamilton Community Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Maner Costerisan PC

September 24, 2021

HAMILTON COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued based on financial statements prepared in accordance with generally accepted accounting principles.	*Unmodified*
Internal control over financial reporting:	
➢ Material weakness(es) identified?	____ Yes __X__ No
➢ Significant deficiency(ies) identified?	____ Yes __X__ None noted
Noncompliance material to financial statements noted?	____ Yes __X__ No

Federal Awards

Internal control over major programs:	
➢ Material weakness(es) identified?	____ Yes __X__ No
➢ Significant deficiency(ies) identified?	____ Yes __X__ None noted
Type of auditor's report issued on compliance for major programs:	*Unmodified*
Any audit findings that are required to be reported in accordance with Title 2 CFR Section 200.516(a)?	____ Yes __X__ No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.555 & 10.559	Child Nutrition Cluster
21.019	Coronavirus Relief Funds

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	__X__ Yes ____ No

Section II - Financial Statement Findings

None noted.

Section III - Federal Award Findings and Questioned Costs

None noted.

HAMILTON COMMUNITY SCHOOLS
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2021

There were no audit findings in the prior year.

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September 24, 2021

To the Board of Education
Hamilton Community Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hamilton Community Schools for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

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 Hamilton Community Schools are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during fiscal year 2021. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. There are 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 significantly from those expected. The most sensitive estimates affecting the financial statements were:

> Estimates have been used to calculate the net pension liability and the net other postemployment benefit liability.
>
> We evaluated the key factors and assumptions used to develop the balance of the net pension liability and net other postemployment benefit liability in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate in calculating the liability for employee compensated absences.

We evaluated the key factors and assumptions used to develop the balance of employee compensated absences in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's determination of the estimated life span of the capital assets.

We evaluated the key factors and assumptions used by management to develop the estimated life span of the capital assets in determining that it is reasonable in relation to the financial statements taken as a whole. In addition, certain amounts included in capital assets have been estimated based on an outside appraisal company.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We did not identify any sensitive disclosures.

The financial statement disclosures 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.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is 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 disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 24, 2021.

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 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.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) which are required and supplement the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the other supplementary information, which accompany the financial statements but are not RSI. With respect to this other supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the other supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

A separate management letter was not issued.

Restriction on Use

This information is intended solely for the use of the Board of Education and management of Hamilton Community Schools and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Maner Costerisan PC