

**Charlotte Public Schools**

**Financial Statements**

**June 30, 2020**



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**Charlotte Public Schools**  
**Members of the Board of Education and Administration**  
**June 30, 2020**

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Members of the Board of Education

Caleb Buhs	President
Jim Hoyt	Vice-President
Marci Kohler	Secretary
Lee Wheaton	Treasurer
Stacey Gingrich	Trustee
Mark Byers	Trustee
Jim Cicorelli	Trustee

Administration

Dr. Mandy Stewart	Superintendent
Michelle Sine	Executive Director of Business, Operations, and Human Resources



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## Independent Auditors' Report

To the Board of Education of  
Charlotte Public Schools  
Charlotte, Michigan

### 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 Charlotte Public Schools, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Charlotte Public 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.

### Auditors' 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 auditors' 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 Charlotte Public Schools, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Adoption of New Accounting Standard***

As described in Note 1 to the financial statements, during the year ended June 30, 2020, the School District adopted GASB Statement No. 84, Fiduciary Activities. Our opinions are not modified with respect to this matter.

### ***Prior Period Adjustment***

As described in Note 15 to the financial statements, the June 30, 2019 financial statements have been restated to correct a misstatement. Our opinions are not modified with respect to this matter.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the school district's proportionate share of the net pension liability, schedule of the school district's pension contributions, schedule of the school district's proportionate share of the net OPEB liability, and schedule of the school district's OPEB contributions 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 Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charlotte Public Schools' basic financial statements. The other supplementary information, as identified in the table of contents, is presented for purpose of additional analysis and is not a required part of the basic financial statements.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2020 on our consideration of Charlotte Public 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 Charlotte Public 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 Charlotte Public Schools' internal control over financial reporting and compliance.

*Yeo & Yeo, P.C.*

Lansing, Michigan  
October 23, 2020

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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# Charlotte Public Schools Management Discussion and Analysis For the Fiscal Year Ended June 30, 2020

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This section of Charlotte Public Schools' annual report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2020. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

The Management's Discussion and Analysis, a requirement of GASB 34, is intended to be the Charlotte Public Schools' Management's discussion and analysis of the financial results for the fiscal year ended June 30, 2020.

## USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Charlotte Public Schools financially as a whole. The *District-wide Financial Statements* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and longer-term view of the finances. The *Governmental Fund Financial Statements* provide the next level of detail. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the district-wide financial statements by providing information about the School District's most significant fund - the General Fund individually, the 2011, 2020A and 2020B Debt Funds individually, the Broadband Lease Capital Project Fund individually, and then remaining special revenue funds and debt service funds, collectively as other non-major governmental funds. The detailed financial statements for each of these funds can be found in the financial statement section titled, *Other Supplementary Information*. The *Proprietary Fund Financial Statements* present information about the District's internal service fund.

## District-Wide Financial Statements

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The Statement of Net position and the Statement of Activities, which appear first in the basic financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. These statements are prepared to include all assets, liabilities, and deferred inflows and outflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Please note that GASB 75 is the newest standard adopted by the district with regard to Postemployment Benefits (employee retirement benefits). This standard, along with the previously adopted standards, have had a significant impact on all districts across the state of Michigan.

The Statement of Net position and the Statement of Activities report the School District's net position - the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, as reported in the Statement of Net position - as one way to measure the School District's financial health or financial position. Over time, increases or decreases in the School District's net position - as reported in the Statement of Activities - are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not generate profits as commercial entities do. One must consider many other non-financial factors, such as student success, the quality of the education provided and the safety of the schools, to assess the overall health of the School District.

**Charlotte Public Schools**  
**Management Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**

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The Statement of Net position and Statement of Activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, supporting services, community services, athletics, transportation, and food service. Property taxes, unrestricted State Aid (foundation allowance revenue), State and Federal grants, and other local dollars finance most of these activities.

The district-wide financial statements are full accrual basis statements. They report all the District's assets and liabilities, both short and long-term, regardless if they are "currently available" or not. For example, assets that are restricted for use in the Debt Service Funds solely for the payment of long-term principal or interest are grouped with unrestricted assets of the General Fund. Capital assets and long-term obligations of the District are reported in the Statement of Net position of the district-wide financial statements.

Fund Financial Statements

The governmental fund financial statements are reported on the modified accrual basis. Only those assets that are "measurable" and "available" are reported. Liabilities are recognized to the extent that they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual." In the State of Michigan, the District's major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in their relevant funds including: Debt Service Funds, Capital Project Funds, and the Special Revenue (School Service) Funds which are comprised of: Food Service, Community Services and Student Activities.

In the governmental fund financial statements, purchased capital assets are reported as expenditures in the year of acquisition. No capital assets are reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. Future year's debt obligations are not recorded.

District Financial Activities:

The recent good health of the District's finances can be credited to the following innovative management approaches following several years of restricted state funding due to a weak economy and significant tax reductions at the state level:

- A board policy which requires a balanced budget with a fund balance goal of 15 percent of annual expenditures.
- The establishment of fund balance assignment at the fund financial statement level for future technology and bus replacement.
- Utilization of a total cost compensation approach for the negotiation of employee contracts with the District's employee groups and all other individual contracts. As of September 1, 2020, all collective bargaining agreements have been settled through June 30, 2021.
- Utilization of modern business management techniques such as the use of business plans and monthly monitoring of operational systems and financial reporting for district support functions.

**Charlotte Public Schools**  
**Management Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**

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- New District Programs:
  - In an effort to continue to retain and recruit students, the District continues to implement an enhanced marketing plan with a focus on district and community pride, improving customer service and engaging the community. Additional work with Truscott Rosman and enhancing community partnerships is also contributing to positive growth in the district and the community.
  - More opportunities for teachers to collaborate to examine student progress, teaching strategies and curriculum focus. Enhanced professional development opportunities for all instructional staff through strategic collaborative efforts for grade level and K-12 vertical alignment.
  - The District continues to use the adopted strategic plan as a comprehensive blueprint for continuous achievement and improvement at Charlotte Public Schools. This plan is used to demonstrate progress made toward the current goals and the plan is updated as necessary to reflect the changing needs of the students, district and community.
  - The Board of Education and administrative team continues to look at the short and long term facility and programmatic needs of the District and the opportunities to fund such needs through grants, bonds, and other means if not available through traditional state aid funding. The District is asking voters to approve a capital projects bond proposal in November 2020.

**Charlotte Public Schools  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020**

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Summary of Net position:

The following summarizes the net position as of June 30, 2020 and 2019.

	<u>Governmental Activities 2020</u>	<u>Governmental Activities 2019</u>
<b>Assets</b>		
Current and other assets	\$ 13,271,891	\$ 11,513,689
Capital assets	51,129,479	53,099,092
Total assets	64,401,370	64,612,781
<b>Deferred Outflows of Resources</b>		
Deferred amount related to net pension liability	12,281,032	13,262,801
Deferred amount related to net OPEB liability	3,025,290	1,896,459
Deferred amount on debt refunding	918,430	710,114
Total assets and deferred outflows of resources	80,626,122	80,482,155
<b>Liabilities</b>		
Current liabilities	2,770,729	4,556,123
Long-term liabilities	120,621,063	116,940,601
Total liabilities	123,391,792	121,496,724
<b>Deferred Inflows of Resources</b>		
Deferred amount related to net pension liability	4,216,915	5,607,237
Deferred amount related to net OPEB liability	4,120,937	2,783,948
Total liabilities and deferred inflows of resources	131,729,644	129,887,909
<b>Net Position</b>		
Net deficit capital assets	(12,284,955)	(9,232,009)
Restricted	5,107,113	2,331,205
Unrestricted (deficit)	(43,925,680)	(42,504,950)
Total net position	\$ (51,103,522)	\$ (49,405,754)

**Charlotte Public Schools**  
**Management Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**

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Analysis of Financial Position:

As detailed above, the District shows a total net position of \$(51,103,522) for the fiscal year ended June 30, 2020. This statement has been affected by the following:

In accordance with various GASB Statements, including GASB 75 which was newly adopted, the School District reports the net pension liability and net OPEB liability associated with the Michigan Public School Employees Retirement System. Since the State of Michigan has no employees in this plan and is not a participating employer in the plan, these liabilities and expense are required to be recorded by the participants in the plan – Michigan public school districts. The School District must record its proportionate share of the total Michigan Public School Employees Retirement System net pension liability, net OPEB liability and related expense in the district-wide financial statements. Additional information regarding the liability and expense can be found in the disclosure footnotes to the Financial Statements.

The net pension liability, net OPEB liability and related expenses have a significant impact on the district's Total Net Position. This is not a new liability. It has been a shared responsibility of all Michigan public schools since the 1990's. In order to provide useful employer-level pension and other post-employment benefit information, improve transparency, and to make it easier to compare public pension and OPEB plans by standardizing financial reporting requirements, the net pension liability and net OPEB liability are now being recorded on the district-wide financial statements. What is new is that the total liability is now being divided proportionately among state-wide employers and recorded on the financial statements. There are unlike any other liability reported on a balance sheet. They are not immediately due and cannot be paid off under an accelerated schedule. The pension and OPEB expense represents the change in net pension liability and net OPEB liability from year to year and can change materially from year to year depending on new retirees to the system and the number of employer contributions made to the system. In addition, this is not something that is able to be controlled or modified by the district. This is a state mandated system.

The Office of Retirement Services calculates the net pension liability and net OPEB liability. The proportionate share for each school district is calculated based on the prior year's total pension and OPEB contributions to the retirement system. These large liabilities have a significant impact on the unrestricted net position of the School District but do not affect the School District's governmental-fund financial statements. The majority of Michigan public school districts, if not every single one of them, will report a significant decrease in net position based on the implementation of GASB standards related to pensions and postemployment benefits. For Charlotte Public Schools, the net pension liability, net OPEB liability and related deferred inflows and outflows of resources amounted to \$46,253,776 for the fiscal year ending June 30, 2020.

**Charlotte Public Schools  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020**

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Results of Operations:

For the fiscal year ended June 30, 2020 and 2019, the district-wide results of operations were:

	<u>Governmental Activities 2020</u>	<u>Governmental Activities 2019</u>
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 1,946,398	\$ 1,757,531
Operating and capital grants	7,968,546	8,836,446
General revenues		
Property taxes	7,289,499	7,230,310
State school aid - unrestricted	17,121,893	16,355,271
Other	<u>621,323</u>	<u>1,014,134</u>
Total revenue	<u>34,947,659</u>	<u>35,193,692</u>
<b>Functions/ Program Expenses</b>		
Instruction	16,798,642	15,574,213
Supporting services	11,151,743	10,584,927
Food service	1,145,710	1,119,398
Student and school activities	202,737	673,332
Community services	1,652,792	1,086,524
Intergovernmental	3,000	-
Interest and fees on long-term debt	2,761,348	2,997,271
Unallocated depreciation	<u>2,713,305</u>	<u>2,724,237</u>
Total expenses	<u>36,429,277</u>	<u>34,759,902</u>
<b>Change in Net Position</b>	<u>\$ (1,481,618)</u>	<u>\$ 433,790</u>

**Charlotte Public Schools**  
**Management Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**

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ANALYSIS OF RESULTS OF OPERATIONS:

During the fiscal year ended June 30, 2020, the District's net position increased by \$(1,481,618). Several factors which contributed to the increase are discussed in the following sections.

Governmental Fund Operating Results

The District's revenues and other financing sources from governmental fund operations exceeded expenditures and other financing uses for governmental fund operations by \$2,303,025 for the fiscal year ended June 30, 2020 but there were net changes in capital assets, debt, and various other adjustments that resulted in \$(3,775,712) in net reconciling items as presented in the statements that caused the change in net position at the government-wide level to be \$(1,481,618). Further discussion of the District's operating results is available in the section entitled "Results of 2019-2020 Operations" located on the following pages.

RESULTS OF 2019-2020 OPERATIONS

General Fund Operations

The General Fund is the main fund for the District and includes all the costs related to educating the students of the Charlotte Public Schools such as: Salaries and benefits for Teachers, Classroom Paraprofessionals, Administrators, Secretaries, Maintenance staff, Librarians, Counselors, Bus Drivers and other miscellaneous positions; teaching supplies, employee training, utilities, building maintenance supplies, custodial services and other.

The District's actual revenues and other financing sources exceeded expenditures and other financing uses from General Fund by \$278,631 for the fiscal year ended June 30, 2020. The General Fund as of June 30, 2020, had a fund balance of \$4,202,077 or 16% of expenditures for the 2019-2020 fiscal year. This fund balance exceeds the board policy of 15%. However, of this total fund balance amount the following are reserved for specific uses:

- Non-Spendable for Inventory and Prepaid Items: \$230,459
- Committed for Technology and Bus Replacement: \$654,640
- Assigned for 2020-2021 Adopted Budget Shortfall: \$1,227,590

Therefore, this leaves an unreserved or unassigned fund balance of \$2,089,388, or 8% of expenditures at June 30, 2020.

**Charlotte Public Schools**  
**Management Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**

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Debt Service Fund Operations

The Debt Service Funds consist of seven separate debt funds as follows: 2011 Debt, 2010A Debt, 2020A Debt, 2020B Debt, 2012 Debt, 2015 Debt, and 2016 Debt. The Debt Service Funds are set up to collect taxes and pay annual debt payments. At June 30, 2020 the Debt Service Funds had \$4,856,185 in fund equity available for future bond payments. The School District levies taxes to make debt payment obligations. If taxes levied were not sufficient the School District would borrow funds from the Michigan School Bond Loan Fund. During the current year the District borrowed \$2,156,305 from the Michigan School Bond Loan Fund after the debt was refunded. The District also had termination benefits outstanding at June 30, 2020, which totaled \$26,201. The District paid principal of \$2,555,000 on bonded debt during the fiscal year. A detailed presentation of the District's long-term debt is presented in Note 9 of the notes to the financial statements.

Special Revenue Funds

The Charlotte Public Schools also has special revenue funds that include the following: Food Service Fund, Performing Arts Fund, Childcare Fund, Aquatic Center Fund, and Playground and Recreation Fund.

The Food Service Fund is a fund that reports the food service program activities. In 2019-2020 the Food Service Fund had revenues of \$1,116,613 and expenditures and other financing uses of \$1,186,090. The Food Service Fund is self-supporting and reimburses the General Fund for all identified overhead costs associated with its operation. The Food Service Fund had a total fund balance of \$223,869 at June 30, 2020. This represents 20% of annual expenditures. In order to meet state and federal guidelines, the district reduced fund balance by replacing equipment and making cafeteria improvements during the 2019-2020 school year.

The Community Services Fund is a fund that reports activities related to performing arts, childcare, aquatics and playground and recreation. In 2019-2020 the Community Services Fund generated revenues and other financing sources of \$1,487,004 and had expenditures and other financing uses of \$1,485,051. The activities within this fund were previously reported as separate funds within the District financial statements.

The Student Activities Fund is a fund that reports activities related to student and school services. In 2019-2020 the Student Activities Fund generated revenues and other financing sources of \$231,592 and had expenditures and other financing uses of \$202,737. The activities within this fund were previously reported as fiduciary funds before the adoption of GASB No. 84 at June 30, 2020.



**Charlotte Public Schools  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020**

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Net Investment in Capital Assets

The District's net deficit capital assets decreased by \$1,969,613 during the fiscal year. This can be summarized as follows:

Charlotte Public Schools voters approved several general obligation bond issues in the past. The proceeds from those bond issues were used for constructing new facilities and additions and partial remodeling of existing school facilities, and equipping and re-equipping facilities.

	Balance June 30, 2020	Balance June 30, 2019	Change
Capital assets net of accumulated depreciation	\$ 51,129,479	\$ 53,099,092	\$ (1,969,613)
Less: related debt and other	(63,414,434)	(62,331,101)	(1,083,333)
Net deficit capital assets	\$ (12,284,955)	\$ (9,232,009)	\$ (3,052,946)

IMPORTANT ECONOMIC FACTORS

State of Michigan Unrestricted Aid (Net State Foundation Grant)

In 2019-2020 State of Michigan aid, unrestricted, is determined with the following variables:

- a. State of Michigan State Aid Act per student foundation allowance
- b. Student Enrollment - Blended at 90 percent of prior year's fall count and 10 percent of prior year's winter count
- c. The District's non-homestead property valuation

Per Student Foundation Allowance

Annually, the State of Michigan establishes the per student foundation allowance. The Charlotte Public Schools foundation allowance was \$8111 per student for the 2019-2020 school year, which is an increase of \$240 from Charlotte Public Schools 2018-2019 foundation allowance of \$7,871.

Student Enrollment

The District's blended State Aid Membership for 2019-2020 was 2,518 students. The District's enrollment increased from the prior school year's fall student count. Early indications show that student growth can be expected for the 2020-2021 school year.

**Charlotte Public Schools  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020**

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The following summarizes the State Aid Membership counts for the past five years:

	Student FTE	FTE Change From Prior Year
2019 - 2020	2,518	55
2018 - 2019	2,463	42
2017 - 2018	2,421	(4)
2016 - 2017	2,425	(38)
2015 - 2016	2,463	(87)

Property Taxes levied for General Operations (General Fund Non-homestead Taxes)

The District levies taxes of \$18.00 per \$1,000 of taxable valuation on most non-primary residency exempt property and \$6.00 per \$1,000 of taxable value on commercial personal property for operations (General Fund). Under Michigan law, the taxable levy is based on the taxable valuation of properties. Annually, the taxable valuation increase in property values is capped at the rate of the prior year's CPI increase or five (5) percent, whichever is less. At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, which is, theoretically, 50 percent of the market value. In June 2003, the District was successful in passing a Headlee Ballot Proposal which will have the effect of allowing the District to levy during the succeeding five years the full 18 mill non-homestead millage for operations as originally approved by voters in 1996. The 18 mill levy was renewed in May of 2014 for a period of eleven years.

Debt Fund and Other Property Taxes

The District's debt fund levy, which is used to pay the principal and interest on bond obligations (7.59 mills) and community operations (0.50 mills) levy, is based on the taxable valuation of all properties: homestead and non-homestead. For 2019-2020 the District's debt and other millage levy totaled 8.09 mills, which generated revenue of approximately \$4,600,000.

**Charlotte Public Schools  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020**

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GENERAL FUND BUDGET & ACTUAL REVENUES & EXPENDITURES

Listed below is an analysis of the original budget and final budget to the final actual.

General Fund Expenditures and Other Uses Budget vs. Actual

Original Budget	Final Budget	Actual	Variances	
			Actual and Original Budget	Actual and Final Budget
\$ 27,283,218	\$ 26,957,531	\$ 26,415,718	-3.2%	-2.0%

General Fund Revenues and Other Sources, Budget vs. Actual

Original Budget	Final Budget	Actual	Variances	
			Actual and Original Budget	Actual and Final Budget
\$ 26,854,290	\$ 25,598,972	\$ 26,694,349	-0.6%	4.3%

Original vs. Final Budget:

The Uniform Budget Act of the State of Michigan requires that the Board of Education approve the original budget for the upcoming year prior to July 1, the start of the fiscal year. As a matter of practice, Charlotte Public Schools amends its budget periodically during the school year. Budgeting for 2019-2020 was particularly difficult due to the uncertainty of the global pandemic and the closure of schools and special operations for an extended period of months.

**Charlotte Public Schools  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020**

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General Fund Expenditures:

The District's budget for expenditures changed as follows during the year:

		<u>Percent</u>
Total Expenditures and Other Uses Original Budget	\$ 27,283,218	100%
Total Expenditures and Other Uses Final Budget	<u>26,957,531</u>	<u>99%</u>
Increase in Budget Expenditures	<u>\$ (325,687)</u>	<u>-1%</u>

Revenue Change from Original to Final Budget:

		<u>Percent</u>
Total Revenues and Other Sources Original Budget	\$ 26,854,290	100%
Total Revenues and Other Sources Final Budget	<u>25,598,972</u>	<u>95%</u>
Increase in Budget Revenues	<u>\$ (1,255,318)</u>	<u>-5%</u>

Additional Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration considered many factors when setting the School District's 2021 fiscal year budget. One of the most important factors affecting the budget is our student count. The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The 2021 fiscal year budget was adopted in May 2019, based on an estimate of students that will be enrolled in October 2020. Approximately 80 percent of total General Fund revenue is from the foundation allowance. Under State law, the School District cannot access additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2020-2021 school year, we anticipate that the fall student count will be less than the estimates used in creating the 2021 fiscal year budget, and less than Fall 2019 enrollment due to the current global pandemic and its impact on student learning plans. Once the final student count and related per pupil funding is validated, State law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations.

**Charlotte Public Schools**  
**Management Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**

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Since the School District's revenue is heavily dependent on State funding and the status of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts. The inability of the State to collect adequate revenues has resulted in mid-year reductions in State funding in prior years.

Contacting the District's Financial Management

This financial report is designed to provide our citizens and taxpayers with a general overview of the District's finances. If you have questions about this report or need additional information, contact the Business Services Office, Charlotte Public Schools, 378 State Street, Charlotte, Michigan 48813.

Respectfully,

Michelle Sine, CFO  
Executive Director of Business, Operations & Human Resources  
Charlotte Public Schools  
Our Kids. Our Community. Our Future.

## BASIC FINANCIAL STATEMENTS

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**Charlotte Public Schools**  
**Statement of Net Position**  
**June 30, 2020**

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	<u>Governmental Activities</u>
<b>Assets</b>	
Cash	\$ 4,505,950
Taxes receivable	4,124
Accounts receivable	48,479
Due from other governmental units	3,761,437
Inventory	44,064
Prepaid items	285,301
Lease receivable	415,006
Investments - Sinking fund	4,207,530
Capital assets not being depreciated	220,496
Capital assets - net of accumulated depreciation	<u>50,908,983</u>
 Total assets	 <u>64,401,370</u>
<b>Deferred Outflows of Resources</b>	
Deferred amount related to the net pension liability	12,281,032
Deferred amount related to the net OPEB liability	3,025,290
Deferred amount on refundings	<u>918,430</u>
 Total deferred outflows of resources	 <u>16,224,752</u>

See Accompanying Notes to the Financial Statements

**Charlotte Public Schools**  
**Statement of Net Position**  
**June 30, 2020**

	Governmental Activities
<b>Liabilities</b>	
Accounts payable	\$ 354,002
Due to other governmental units	243,432
Payroll deductions and withholdings	21,147
Accrued expenditures	1,065,759
Accrued salaries	1,063,874
Unearned revenue	22,515
Long-term liabilities	
Net pension liability	43,687,204
Net OPEB liability	9,535,042
Debt due within one year	2,696,000
Debt due in more than one year	64,702,817
Total liabilities	123,391,792
<b>Deferred Inflows of Resources</b>	
Deferred amount related to the net pension liability	4,216,915
Deferred amount related to the net OPEB liability	4,120,937
Total deferred inflows of resources	8,337,852
<b>Net Position</b>	
Net investment in capital assets	(12,284,955)
Restricted for	
Debt service	4,348,959
Capital projects	45,455
Unrestricted deficit	(43,212,981)
Total net position	\$ (51,103,522)

See Accompanying Notes to the Financial Statements



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

	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position	
<b>Functions/Programs</b>				
Governmental activities				
Instruction	\$ 16,798,642	\$ 600	\$ 6,017,437	\$ (10,780,605)
Supporting services	11,151,743	550,299	99,391	(10,502,053)
Food services	1,145,710	270,368	844,082	(31,260)
Student and school activities	202,737	-	231,592	28,855
Community services	1,652,792	1,125,131	-	(527,661)
Intergovernmental payments	3,000	-	-	(3,000)
Interest and fees on long-term debt	2,761,348	-	776,044	(1,985,304)
Unallocated depreciation	2,713,305	-	-	(2,713,305)
	<u>\$ 36,429,277</u>	<u>\$ 1,946,398</u>	<u>\$ 7,968,546</u>	<u>(26,514,333)</u>
Total governmental activities				
General revenues				
				2,629,054
				4,373,193
				287,252
				17,121,893
				361,637
				23,700
				235,986
				25,032,715
				(1,481,618)
				(49,621,904)
				\$ (51,103,522)

See Accompanying Notes to the Financial Statements

**Charlotte Public Schools**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2020**

	General Fund	Debt Service Funds			Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
		2011 Debt	2020A Debt	2020B Debt	Broadband Lease		
<b>Assets</b>							
Cash	\$ 2,683,170	\$ 510,685	\$ 501	\$ 130,146	\$ 45,585	\$ 818,591	\$ 4,188,678
Taxes receivable	1,852	1,088	-	76	-	1,108	4,124
Accounts receivable	26,029	-	-	-	-	18,917	44,946
Due from other funds	216,463	-	-	1,551	11,827	167,821	397,662
Due from other governmental units	3,442,687	-	-	-	-	110,084	3,552,771
Inventory	25,668	-	-	-	-	18,396	44,064
Prepaid items	204,791	-	-	-	-	1,310	206,101
Lease receivable	-	-	-	-	415,006	-	415,006
Investments	-	4,132,499	-	384	-	74,647	4,207,530
<b>Total assets</b>	<b>\$ 6,600,660</b>	<b>\$ 4,644,272</b>	<b>\$ 501</b>	<b>\$ 132,157</b>	<b>\$ 472,418</b>	<b>\$ 1,210,874</b>	<b>\$ 13,060,882</b>
<b>Liabilities</b>							
Accounts payable	\$ 297,219	\$ -	\$ -	\$ -	\$ 23,784	\$ 32,999	\$ 354,002
Due to other funds	390,137	3,500	-	-	-	125,014	518,651
Due to other governmental units	243,432	-	-	-	-	-	243,432
Payroll deductions and withholdings	21,147	-	-	-	-	-	21,147
Accrued expenditures	395,987	-	-	-	-	4,601	400,588
Accrued salaries	1,050,661	-	-	-	-	13,213	1,063,874
Unearned revenue	-	-	-	-	-	22,515	22,515
<b>Total liabilities</b>	<b>2,398,583</b>	<b>3,500</b>	<b>-</b>	<b>-</b>	<b>23,784</b>	<b>198,342</b>	<b>2,624,209</b>
<b>Deferred Inflows of Resources</b>							
Unavailable revenue	-	-	-	-	403,179	-	403,179
Noncancellable lease	-	-	-	-	-	-	-

See Accompanying Notes to the Financial Statements

**Charlotte Public Schools**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2020**

	General Fund	Debt Service Funds			Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
		2011 Debt	2020A Debt	2020B Debt	Broadband Lease		
<b>Fund Balance</b>							
Non-spendable							
Inventory	25,668	-	-	-	-	18,396	44,064
Prepaid items	204,791	-	-	-	-	1,310	206,101
Restricted for							
Food service	-	-	-	-	-	205,473	205,473
Debt service	-	4,640,772	501	132,157	-	82,755	4,856,185
Capital projects	-	-	-	-	45,455	-	45,455
Committed for							
Technology	564,640	-	-	-	-	-	564,640
Bus replacement	90,000	-	-	-	-	-	90,000
Student activities	-	-	-	-	-	195,069	195,069
Assigned for							
Future year budgeted expenditures	1,227,590	-	-	-	-	-	1,227,590
Childcare	-	-	-	-	-	239,704	239,704
Playground and recreation	-	-	-	-	-	269,825	269,825
Unassigned	2,089,388	-	-	-	-	-	2,089,388
<b>Total fund balance</b>	<b>4,202,077</b>	<b>4,640,772</b>	<b>501</b>	<b>132,157</b>	<b>45,455</b>	<b>1,012,532</b>	<b>10,033,494</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 6,600,660</b>	<b>\$ 4,644,272</b>	<b>\$ 501</b>	<b>\$ 132,157</b>	<b>\$ 472,418</b>	<b>\$ 1,210,874</b>	<b>\$ 13,060,882</b>

See Accompanying Notes to the Financial Statements

**Charlotte Public Schools**  
**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position**  
**June 30, 2020**

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<b>Total fund balances for governmental funds</b>	<b>\$ 10,033,494</b>
Total net position for governmental activities in the statement of net position is different because:	
Certain receivables are not available to pay for current period expenditures and, therefore, are unavailable in the funds.	
Noncancellable lease	403,179
Interest credit subsidy receivable from the Federal Subsidy Program	208,666
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	220,496
Capital assets - net of accumulated depreciation	50,908,983
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from debt refunding	918,430
Deferred outflows of resources resulting from net pension liability	12,281,032
Deferred outflows of resources resulting from net OPEB liability	3,025,290
Deferred inflows of resources resulting from net pension liability	(4,216,915)
Deferred inflows of resources resulting from net OPEB liability	(4,120,937)
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest on long-term debt	(507,226)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	
Compensated absences	(26,201)
Bonds payable	(65,215,219)
School loan revolving fund payable	(2,157,397)
Net pension liability	(43,687,204)
Net OPEB liability	(9,535,042)
Internal service fund assets and liabilities are included in the governmental activities in the statement of net position	363,049
<b>Net position of governmental activities</b>	<b>\$ (51,103,522)</b>

See Accompanying Notes to the Financial Statements

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

	General Fund	Debt Service Funds			Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
		2011 Debt	2020A Debt	2020B Debt	Broadband Lease		
<b>Revenues</b>							
Local sources	\$ 2,914,837	\$ 2,480,136	\$ 1	\$ 160,508	\$ 167,037	\$ 3,678,019	\$ 9,400,538
State sources	20,041,816	56,347	-	4,026	-	103,339	20,205,528
Federal sources	813,613	776,044	-	125,950	-	978,493	2,694,100
Interdistrict sources	2,786,312	-	-	-	-	-	2,786,312
<b>Total revenues</b>	<b>26,556,578</b>	<b>3,312,527</b>	<b>1</b>	<b>290,484</b>	<b>167,037</b>	<b>4,759,851</b>	<b>35,086,478</b>
<b>Expenditures</b>							
<b>Current</b>							
<b>Education</b>							
Instruction	15,561,035	-	-	-	-	-	15,561,035
Supporting services	10,339,638	-	-	-	-	-	10,339,638
Food services	-	-	-	-	-	1,056,310	1,056,310
Student and school activities	-	-	-	-	-	202,737	202,737
Community services	138,272	-	-	-	-	-	138,272
Performing arts	-	-	-	-	-	89,461	89,461
Childcare	-	-	-	-	-	819,575	819,575
Aquatic center	-	-	-	-	-	488,813	488,813
Intergovernmental payments	3,000	-	-	-	-	-	3,000
Capital outlay	304,893	-	-	-	593,640	79,211	977,744
<b>Debt service</b>							
Principal	-	-	-	-	-	2,555,000	2,555,000
Interest and other expenditures	-	925,100	180,959	297,475	-	1,307,680	2,711,214
Bond issuance costs	-	-	98,547	125,878	-	-	224,425
Payment to bond refunding escrow agent	-	-	13,064,000	8,882,057	-	-	21,946,057
<b>Total expenditures</b>	<b>26,346,838</b>	<b>925,100</b>	<b>13,343,506</b>	<b>9,305,410</b>	<b>593,640</b>	<b>6,598,787</b>	<b>57,113,281</b>

See Accompanying Notes to the Financial Statements

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

	General Fund	Debt Service Funds			Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
		2011 Debt	2020A Debt	2020B Debt	Broadband Lease		
Excess (deficiency) of revenues over expenditures	209,740	2,387,427	(13,343,505)	(9,014,926)	(426,603)	(1,838,936)	(22,026,803)
<b>Other Financing Sources (Uses)</b>							
Proceeds from issuance of bonds	-	-	13,220,000	8,485,000	-	-	21,705,000
Premium on issuance of bonds	-	-	-	523,386	-	-	523,386
Discount on issuance of bonds	-	-	(54,863)	-	-	-	(54,863)
Proceeds from school loan revolving fund	-	-	178,869	138,697	-	1,838,739	2,156,305
Transfers in	137,771	-	-	-	-	68,880	206,651
Transfers out	(68,880)	-	-	-	-	(137,771)	(206,651)
Total other financing sources (uses)	68,891	-	13,344,006	9,147,083	-	1,769,848	24,329,828
Net change in fund balance	278,631	2,387,427	501	132,157	(426,603)	(69,088)	2,303,025
Fund balance - beginning, as restated	3,923,446	2,253,345	-	-	472,058	1,081,620	7,730,469
Fund balance - ending	\$ 4,202,077	\$ 4,640,772	\$ 501	\$ 132,157	\$ 45,455	\$ 1,012,532	\$ 10,033,494

See Accompanying Notes to the Financial Statements

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

<b>Net change in fund balances - Total governmental funds</b>	<b>\$ 2,303,025</b>
Total change in net position reported for governmental activities in the statement of activities is different because:	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Broadband lease revenue	(138,819)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(2,713,305)
Capital outlay	743,692
Expenses are recorded when incurred in the statement of activities.	
Interest	(103,779)
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.	
Net change in pension liability	(3,256,270)
Net change in the deferred amount of resources related to the net pension liability	408,553
The statement of net position reports the net OPEB liability and deferred outflows of resources and deferred inflows related to the net OPEB liability and OPEB expense. However, the amount recorded on the governmental funds equals actual OPEB contributions.	
Net change in OPEB liability	876,388
Net change in the deferred amount of resources related to the net OPEB liability	(208,158)
Bond and note proceeds and capital leases are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. When debt refunding occurs, the difference in the carrying value of the refunding debt and the amount applied to the new debt is reported the same as regular debt proceeds or repayments, as a financing source or expenditure in the governmental funds. However, in the statement of net position, debt refunding may result in deferred inflows of resources or deferred outflows of resources, which are then amortized in the statement of activities.	
Debt issued	(24,329,828)
Repayments of long-term debt	24,501,057
Amortization of bond premium	426,936
Amortization of deferred amount on debt refunding	(73,741)
Amortization of bond discount	(75,125)
Internal service fund revenues and expenses are included in governmental activities in the statement of activities	166,687
<b>Change in net position of governmental activities</b>	<b>\$ (1,481,618)</b>

See Accompanying Notes to the Financial Statements

**Charlotte Public Schools**  
**Proprietary Fund**  
**Internal Service Fund - Self Funded Insurance**  
**Statement of Net Position**  
**June 30, 2020**

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**Assets**

Cash	\$ 317,272
Accounts receivable	3,533
Due from other funds	121,089
Prepaid expenses	<u>79,200</u>
 Total assets	 521,094

**Liabilities**

Due to other funds	100
Accrued expenses	<u>157,945</u>
 Total liabilities	 <u>158,045</u>

**Net Position**

Unrestricted	<u><u>\$ 363,049</u></u>
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See Accompanying Notes to the Financial Statements



**Charlotte Public Schools**  
**Proprietary Fund**  
**Internal Service Fund - Self Funded Insurance**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2020**

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**Operating Revenues**

Charges to other funds \$ 2,131,883

**Operating Expenses**

Claims 1,418,871

Purchased services 123,197

Administrative fees 423,128

Total operating expenditures 1,965,196

Change in net position 166,687

Net position - beginning of the year 196,362

Net position - end of year \$ 363,049

**Charlotte Public Schools**  
**Proprietary Fund**  
**Internal Service Fund - Self Funded Insurance**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2020**

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**Cash flows from operating activities**

Receipts from other funds	\$ 1,967,005
Claims and administrative fees paid	<u>(2,129,028)</u>

Net change in cash and cash equivalents	(162,023)
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Cash and cash equivalents - beginning of the year	<u>479,295</u>
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<b>Cash and cash equivalents - end of year</b>	<b><u>\$ 317,272</u></b>
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**Reconciliation of operating loss to net cash from operating activities**

Operating profit	\$ 166,687
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Adjustments to reconcile operating profit to net cash from operating activities - changes in assets and liabilities	
Accounts receivable	170,219
Due from other funds	(121,089)
Prepaid expenses	7,391
Accounts payable	(47,552)
Due to other funds	(214,008)
Accrued expenses	<u>(123,671)</u>

<b>Net cash and cash equivalents used by operating activities</b>	<b><u>\$ (162,023)</u></b>
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**Charlotte Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2020**

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**Note 1 - Summary of Significant Accounting Policies**

The accounting policies of the Charlotte Public Schools (School District) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the School District's significant accounting policies:

**Reporting Entity**

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate component units of the School District. The School District has no component units.

**District-wide Financial Statements**

The School District's basic financial statements include both district-wide (reporting for the district as a whole) and fund financial statements (reporting the School District's major funds). The district-wide financial statements categorize all nonfiduciary activities as either governmental or business type.

The statement of net position presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The School District's net position is reported in three parts (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position.

The statement of activities reports both the gross and net cost of each of the School District's functions. The functions are also supported by general government revenues (property taxes and certain

intergovernmental revenues). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). The School District does not allocate indirect costs. In creating the district-wide financial statements the School District has eliminated interfund transactions.

The district-wide focus is on the sustainability of the School District as an entity and the change in the School District's net position resulting from current year activities.

**Fund Financial Statements**

Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are 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.

Property taxes, unrestricted state aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of

**Charlotte Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2020**

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the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

Proprietary fund statements also are reported using the economic resources measurement focus and the accrual basis of accounting.

The School District reports the following major governmental fund:

General Fund – The General Fund is used to record the general operations of the School District pertaining to education and those operations not required to be provided for in other funds.

2011 Debt Service Fund – The 2011 Debt Service Fund is used to record tax, interest, and other revenue and the payment of interest, principal, and other expenditures on long-term debt.

2020A Debt Service Fund – The 2020A Debt Service Fund is used to record tax, interest, and other revenue and the payment of interest, principal, and other expenditures on long-term debt.

2020B Debt Service Fund – The 2020B Debt Service Fund is used to record tax, interest, and other revenue and the payment of interest, principal, and other expenditures on long-term debt.

Broadband Lease Fund – The Capital Projects Fund is used to record disbursements specifically for acquiring new school sites, buildings, equipment, and for remodeling and repairs funded with proceeds from the broadband lease. The funds are kept open until the purposes for which the funds were created have been accomplished.

Additionally, the School District reports the following fund types:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The School District's non-major Special Revenue Funds include the Community Services Fund (which is comprised of Performing Arts, Childcare, Playground and Recreation, and Aquatic Center activities), Food

Service and Student Activities Funds. Operating deficits generated by these activities are generally transferred from the General Fund.

Prior to June 30, 2020, the School District presented separate special revenue funds for the community service funds Performing Arts, Childcare, Playground and Recreation and Aquatic Center. These funds were combined into the Community Services Fund for the year ended June 30, 2020.

Debt Service Funds – Debt Service Funds are used to record tax, interest, and other revenue and the payment of interest, principal, and other expenditures on long-term debt.

Internal Service Fund – The Internal Service Fund accounts for risk management services to include employee dental, vision, health and prescription insurance claim obligations provided to other departments of the school district on a cost reimbursement basis.

**Assets, Liabilities and Net Position or Equity**

Cash – Cash include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Receivables and Payables – Generally, outstanding amounts owed between funds are classified as “due from/to other funds”. These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The School District considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2020, the rates are as follows per \$1,000 of assessed value.

**Charlotte Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2020**

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General Fund	
Non-principal residence	18.00000
Commercial personal property	6.00000
Recreation and Playground	0.50000
Debt Service Funds	7.59000

Buildings and additions	15-50 years
Site improvements	20 years
Equipment and furniture	10-20 years
Vehicles	8 years
Other capital equipment	7-25 years

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries.

The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due on or before September 14 or February 14. Collections are forwarded to the School District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by the County of Eaton and remitted to the School District by May 15.

Investments – Investments are stated at fair value. Certificates of deposit are stated at cost which approximates fair value.

Inventories and Prepaid Items – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed, rather than when purchased.

Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the School District follows the consumption method, and they therefore are capitalized as prepaid items in both district-wide and fund financial statements.

Capital Assets – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. The School District defines capital assets as assets with an initial individual cost in excess of \$5,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Deferred Outflows of Resources – A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. Deferred amounts on bond refundings are included in the district-wide financials statements. The amounts represent the difference between the reacquisition price and the net carrying amount of the prior debt. For district-wide financial statements, the School District reports deferred outflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions relating to the net pension and OPEB liabilities are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. The School District also reported deferred outflows of resources for pension and OPEB contributions made after the measurement date. This amount will reduce the net pension and OPEB liabilities in the following year.

Compensated Absences – The School District has recorded all liabilities associated with compensated absences. Accumulated vested severance amounts and nonvested severance amounts that are probable to vest and be paid at termination are considered payable from future resources and are recorded along with the related payroll taxes as a long-term liability in the district-wide financial statements.

Long-term Obligations – In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable

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bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period.

In the School District's fund financial statements, the face amount of the debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses.

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

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

Deferred Inflows of Resources – A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. For district-wide financial statements, the School District reports deferred

inflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions relating to the net pension and OPEB liabilities are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. Deferred inflows of resources also includes revenue received relating to the amounts included in the deferred outflows for payments related to MPSERS Unfunded Actuarial Accrued Liabilities (UAAL) Stabilization defined benefit pension statutorily required contributions.

Fund Balance – In the fund financial statements, governmental funds report fund balance in the following categories:

Non-spendable – amounts that are not available in a spendable form.

Restricted – amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

Committed – amounts that have been formally set aside by the Board of Education for specific purposes. A fund balance commitment may be established, modified, or rescinded by a resolution of the Board of Education.

Assigned – amounts intended to be used for specific purposes, as determined by the finance committee, or the Superintendent. The Board of Education has granted the finance committee and Superintendent the authority to assign funds. Residual amounts in governmental funds other than the general fund are automatically assigned by their nature.

Unassigned – all other resources; the remaining fund balances after non-spendable, restrictions, commitments and assignments.

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When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the School District's policy is to consider restricted funds spent first.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the School District's policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

The School District has adopted a minimum fund balance policy to maintain a fund balance of fifteen (15%) percent of the District's General Fund annual operating expenditures. If a fund balance declines below twelve (12%) percent, it shall be recovered at a rate of one (1%) percent, minimally, each year.

#### **Use of Estimates**

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

#### **Eliminations and Reclassifications**

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities' column.

#### **Adoption of New Accounting Standards**

Statement No. 84, *Fiduciary Activities* improves the guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The focus of the criteria includes the following: (1) is the government

controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The four fiduciary funds that should be reported, if applicable are: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally will report fiduciary activities that are not held in a trust or similar arrangement that meets specific criteria. Management has determined to implement the requirements of this Statement for the fiscal year ending June 30, 2020, in accordance with the original implementation date of the Statement.

Statement No. 90, *Majority Equity Interests* improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain components. This Statement is effective for the year ending June 30, 2020. Management has determined to implement the requirements of this Statement for the fiscal year ending June 30, 2020, in accordance with the original implementation date of the Statement.

Statement No. 92, *Omnibus 2020* enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following: (1) The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports (2) Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan. (3) The applicability of Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment

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benefits. (4) The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements. (5) Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition. (6) Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers. (7) Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. (8) Terminology used to refer to derivative instruments. Management has implemented the required portions of this Statement and will implement the remaining requirements as each Statement referenced becomes effective.

Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* provides a temporary relief to governments and other stakeholders in light of the COVID-19 pandemic and provides a postponement of certain GASB Statements. This Statement was effective upon issuance in May of 2020.

**Upcoming Accounting and Reporting Changes**

Statement No. 87, *Leases* increases the usefulness of the School District's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee will be required to recognize a lease liability and an intangible right-to-use a lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the School District's leasing activities. The requirements of this Statement are effective for the fiscal year ending June 30, 2022.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. It requires that interest cost incurred before

the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reporting in a business-type activity or enterprise fund. Interest cost incurred before the end of a construction period should be recognized as an expenditure for financial statements prepared using the current financial resources measurement. The requirements of this Statement are effective for the fiscal year ending June 30, 2022.

Statement No. 91, *Conduit Debt Obligations* provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement is effective for the year ending June 30, 2023.

Statement No. 93, *Replacement of Interbank Offered Rates* establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments. This Statement is effective for the year ending June 30, 2022.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts



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with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. This Statement is effective for the year ending June 30, 2023.

The School District is evaluating the impact that the above pronouncements will have on its financial reporting.

**Note 2 - Stewardship, Compliance and Accountability**

**Budgetary Information**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year-end, thereby canceling all encumbrances. These appropriations are reestablished at the beginning of the year.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. State law requires the School District to have its budget in place by July 1. A district is not considered in violation of the law if

reasonable procedures are in use by the School District to detect violations.

The Superintendent is authorized to transfer budgeted amounts between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

Budgeted amounts are as originally adopted or as amended by the Board of Education throughout the year. Individual amendments were not material in relation to the original appropriations.

**Excess of Expenditures over Appropriations**

During the year, the School District incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

<u>Function</u>	<u>Final Budget</u>	<u>Amount of Expenditures</u>	<u>Budget Variances</u>
General Fund			
Business	\$ 501,934	\$ 503,533	\$ 1,599
Pupil transportation services	1,686,442	1,733,728	47,286

**Note 3 - Deposits and Investments**

The School District's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>
Cash	\$ 4,505,950
Investments	<u>4,207,530</u>
Total	<u>\$ 8,713,480</u>

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The breakdown between deposits and investments for the School District is as follows:

Deposits (checking, savings accounts, and money markets)	\$ 4,507,734
Investments in certificates of deposit	74,000
U.S. Treasury STRIP Bonds	4,131,546
Petty cash and cash on hand	200
 Total	 \$ 8,713,480

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

**Credit risk** – State statutes and the School District’s investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers’ acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles.

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

**Custodial credit risk – deposits** – In the case of deposits, this is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year-end, the District’s bank balance (certificates of deposit, checking and savings accounts) of \$4,864,053 had \$4,364,053 exposed to custodial credit risk because it was uninsured or uncollateralized.

**Custodial credit risk – investments** – For an investment, this is the risk that, in the event of the failure of the counterparty, the government 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 held investments of \$4,207,530 subject to custodial credit risk at year end.

**Note 4 - Fair Value Measurements**

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The School District has the following recurring fair value measurements as of June 30, 2020:

- U.S. Treasury STRIP of \$4,131,546 are valued using matrix pricing model (Level 2 inputs).

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**Note 5 - Leases**

On December 17, 2007, the School District entered into a lease agreement with America Telecasting of Lansing, Inc. for the channels for Educational Broadband Service within the School District. This lease is recorded as a receivable and a deferred inflow of resources at the fund level in the Capital Projects Fund as well as at the district wide level based on generally accepted accounting principles.

The effective date of the lease was December 17, 2007 with an initial term of five (5) years and automatic renewal terms up to twenty-five (25) years. At the end of each five (5) year time period either party can terminate the lease. Therefore, the noncancellable period is recorded as a receivable and deferred inflow at June 30, 2020. In addition, the June 2018 payment of \$11,148 was not received as of year-end, so that payment is included in the receivable at June 30, 2020. The lease payments are paid to the School District monthly at \$11,148 during the current five (5) year period under lease. Because the amounts are not earned as revenue until the end of each month, the amounts not earned are recorded as deferred inflows of resources at the fund level and district-wide level.

Future lease payments to be received under the noncancellable portion of the lease are as follows at June 30:

<b>Year ending June 30,</b>	
2021	\$ 118,270
2022	146,172
2023	<u>150,564</u>
Total	<u>\$ 415,006</u>

**Note 6 - Capital Assets**

A summary of the changes in governmental capital assets is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 220,496	\$ -	\$ -	\$ 220,496
Capital assets being depreciated				
Buildings and additions	85,534,100	-	-	85,534,100
Equipment and furniture	5,735,091	658,508	-	6,393,599
Vehicles	2,119,406	85,184	227,677	1,976,913
Other capital equipment	<u>977,472</u>	<u>-</u>	<u>-</u>	<u>977,472</u>
Total capital assets being depreciated	<u>94,366,069</u>	<u>743,692</u>	<u>227,677</u>	<u>94,882,084</u>
Less accumulated depreciation for				
Buildings and additions	35,198,495	2,155,439	-	37,353,934
Equipment and furniture	4,238,576	342,722	-	4,581,298
Vehicles	1,247,071	156,823	227,677	1,176,217
Other capital equipment	<u>803,331</u>	<u>58,321</u>	<u>-</u>	<u>861,652</u>
Total accumulated depreciation	<u>41,487,473</u>	<u>2,713,305</u>	<u>227,677</u>	<u>43,973,101</u>
Net capital assets being depreciated	<u>52,878,596</u>	<u>(1,969,613)</u>	<u>-</u>	<u>50,908,983</u>
Net capital assets	<u>\$ 53,099,092</u>	<u>\$ (1,969,613)</u>	<u>\$ -</u>	<u>\$ 51,129,479</u>

Depreciation for the fiscal year ended June 30, 2020, amounted to \$2,713,305. The School District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

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**Note 7 - Interfund Receivable and Payable and Transfers**

Individual interfund receivable and payable balances at year end were:

<u>Due From Fund</u>	<u>Due to Fund</u>	<u>Amount</u>
Nonmajor governmental funds	General fund	\$ 212,963
Nonmajor governmental funds	Nonmajor governmental funds	167,821
2020B debt fund	General fund	1,551
Broadband lease	General fund	11,827
General fund	Internal service fund	116,173
2011 Debt	General fund	3,500
Nonmajor governmental funds	Internal service fund	4,816
		<u>\$ 518,651</u>

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made. Management does not anticipate individual interfund balances to remain outstanding for periods in excess of one year.

Interfund transfers consist of the following:

	<u>Transfers Out</u>		
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Transfers in</b>			
General Fund	\$ -	\$ 137,771	\$ 137,771
Nonmajor governmental funds	68,880	-	68,880
	<u>\$ 68,880</u>	<u>\$ 137,771</u>	<u>\$ 206,651</u>

Interfund transfers were made from the general fund and playground and recreation funds to the performing arts and aquatic center fund to cover expenditures.

The transfer from Food Service Fund to the General Fund is for overhead cost reimbursement.

**Note 8 - Unearned Revenue**

The School District reports unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the components of unearned revenue are as follows:

Student food service meal balances	\$ 15,384
Childcare fees received in advance	<u>7,131</u>
Total	<u>\$ 22,515</u>

**Note 9 - Long-Term Debt**

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. The State can withhold state aid if it has to make a bond payment on behalf of the School District related to qualified bonds. For the School Bond Loan Fund or School Loan Revolving Fund, the State may withhold state aid if the School District is in default, or apply late charges in an instance of default or fails to appropriately levy debt mills. Other long-term obligations include compensated absences, claims and judgments, termination benefits, and certain risk liabilities.

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Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Bonds and notes payable					
Government obligation bonds	\$ 52,075,000	\$ 21,705,000	\$ 11,155,000	\$ 62,625,000	\$ 2,685,000
Other bonds					
Premium on bonds	2,608,811	523,386	426,936	2,705,261	-
Discount on bonds	(135,304)	(54,863)	(75,125)	(115,042)	-
Total bonds payable	54,548,507	22,173,523	11,506,811	65,215,219	2,685,000
Notes from direct borrowings and direct placements					
School loan revolving fund	11,532,460	2,156,305	11,531,368	2,157,397	-
Other liabilities					
Compensated absences	17,270	8,931	-	26,201	11,000
Total	<u>\$ 66,098,237</u>	<u>\$ 24,338,759</u>	<u>\$ 23,038,179</u>	<u>\$ 67,398,817</u>	<u>\$ 2,696,000</u>

General obligation bonds payable at year end, consist of the following:

\$ 6,875,000 serial bond due in annual installments of \$ 960,000 to \$ 1,615,000 through May 1, 2027 interest ranging from 2.25% to 4.00%	\$ 6,875,000
\$ 23,605,000 serial bond due in annual installments of \$ 1,515,000 to \$ 1,955,000 through May 1, 2029 interest at 5.00%	16,635,000
\$ 13,220,000 serial bond due in an annual installment of \$800,000 \$ 4,170,000 through May 1, 2030, interest at 2.10% to 2.45%	13,220,000
\$ 8,485,000 serial bond due in annual installments of \$ 765,000 to \$ 780,000 through May 1, 2040, interest at 2.00% to 4.00%	8,485,000
\$ 15,000,000 serial bond due in two annual installments of \$ 6,000,000 on May 1, 2025 and \$ 9,000,000 on May 1, 2026, interest at 6.05% to 6.15%	15,000,000
\$ 9,005,000 serial bond due in annual installments of \$ 250,000 to \$ 1,115,000 through May 1, 2023, interest at 2.75% to 5.00%	<u>2,410,000</u>
Total general obligation bonded debt	<u>\$ 62,625,000</u>

Future principal and interest requirements for bonded debt are as follows:

Year Ending June 30,	Bonds		
	Principal	Interest	Total
2021	\$ 2,685,000	\$ 2,886,376	\$ 5,571,376
2022	2,825,000	2,761,876	5,586,876
2023	2,975,000	2,630,626	5,605,626
2024	3,145,000	2,517,964	5,662,964
2025	9,325,000	2,387,188	11,712,188
2026 - 2030	33,965,000	6,636,188	40,601,188
2031 - 3035	3,870,000	2,440,846	6,310,846
2036 - 2040	<u>3,835,000</u>	<u>1,095,220</u>	<u>4,930,220</u>
Total	<u>\$ 62,625,000</u>	<u>\$ 23,356,284</u>	<u>\$ 85,981,284</u>

The general obligation bonds are payable from the Debt Service Funds. As of year-end, the funds had a balance of \$4,856,185 to pay this debt. Future debt and interest will be payable from future tax levies, and from a debt sinking fund as described below.

Interest expenditures for the fiscal year in the Debt Service Funds were \$2,711,214.

**Build America Bonds Program**

The 2020 School Building and Site Bond (which refunded 2010 School Building and Site Bonds - Series A) and 2011 School Building and Site Bonds (Series B) gross interest payments due are reflected as part of the above annual requirements for the general obligation bonds. These bonds were issued under the Federal government's "Build America Bonds" program. It is the expectation of the District that through this program they will receive an interest subsidy credit from the Federal government each time interest payments are made on these bonds.

- In relation to the 2020 Refunding Bonds (previously 2010 Series A Bonds), there is a cumulative gross amount of interest

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due of \$8,941,216. Of this amount, there is an expected interest subsidy to be received over the life of the bonds in the cumulative amount of \$5,897,639 for net interest owed by the District over the life of the bonds of \$3,043,577.

- In relation to the 2011 Series B Bonds, there is a cumulative gross amount of interest due of \$11,551,500. Of this amount, there is an expected interest subsidy to be received over the life of the bonds in the cumulative amount of \$10,395,264 for a net interest owed by the District over the life of the bonds of \$1,156,236.

**Mandatory Sinking (Escrow) Fund Deposits – 2011 Series B Bonds**

To ensure that sufficient money will be available to pay the principal of the 2011 Series B Bonds at maturity, the School District shall annually deposit taxes collected into a mandatory sinking fund held by a bank or trust company eligible in the State of Michigan to hold such funds for the Bonds (the “Mandatory Sinking Fund”). Such annual deposited amounts shall, when combined with any earnings on monies held in the Mandatory Sinking Fund that have been earned since the previous deposit date, be sufficient as of May 1 of the given year to equal the annual sinking fund deposit as set forth in the table below. The annual deposit of taxes into the Mandatory Sinking Fund shall be made beginning on the fifth business day preceding May 1, 2019 and on the fifth business day preceding each May 1 thereafter through (i) the 2024 deposit for the May 1, 2025 maturity and (ii) the 2025 deposit for the May 1, 2026 maturity while the Bonds are outstanding. Not less than five business days prior to the maturity of any Bond of this issue, the monies held in the Mandatory Sinking Fund for that maturity shall be transferred to the debt retirement fund for the Bonds, along with the necessary tax deposits to fund the set aside amount for that maturity for that year, taking into account any earnings in the Mandatory Sinking Fund to such date. Such monies shall be used to repay the principal of the Bonds at maturity.

The schedule of required deposits are as follows:

Year	2025 Maturity	2026 Maturity	Total
2019	\$ 857,142	\$ 1,125,000	\$ 1,982,142
2020	857,143	1,125,000	1,982,143
2021	857,143	1,125,000	1,982,143
2022	857,143	1,125,000	1,982,143
2023	857,143	1,125,000	1,982,143
2024	857,143	1,125,000	1,982,143
2025	857,143	1,125,000	1,982,143
2026	-	1,125,000	1,125,000
Totals	<u>\$ 6,000,000</u>	<u>\$ 9,000,000</u>	<u>\$ 15,000,000</u>

The cumulative cash payments are held in the 2011 Debt Service Fund. Cash accumulated for the bond payments at June 30, 2020 was \$4,132,499.

**State School Loan Revolving Fund**

The State School Loan Revolving Fund loan consists of a borrowing agreement with the State of Michigan for the purpose of meeting the financing of current debt maturities on the School District’s various bond issues. The bond election, as passed by the voters, specified that the School District debt millage would not exceed the pre-bond vote millage of 7.59 mills, but instead the election permitted the School District to extend this levy through the year 2040. Since the monies generated by the 7.59 mills are presently not sufficient to cover the entire debt service requirements of the School District, it has been necessary for the School District to borrow a total of \$2,156,305 during the year to meet debt service requirements. Management of the School District anticipates that as the other bonds mature, the revenues provided by the debt millage will be sufficient to satisfy the future debt service requirements of the bonds and all necessary borrowing from the State School Loan Revolving Fund. The School District had an outstanding principal balance at year-end of \$2,157,397 and accrued interest of \$19,222, from the State School Loan Revolving Fund. The School District has agreed to repay the loan amount with

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interest at rates and at times to be determined by the State Treasurer. Interest during the year ended June 30, 2020 was approximately 3.11 percent.

**Compensated Absences**

In recognition of services to the District, a termination benefit is made to eligible administrators with at least ten (10) years of service. Eligible administrators will be paid up to a maximum of ninety-five days of accumulated sick leave at a rate of \$75 to \$90 per day.

**Deferred Amount on Refundings**

The School District issued bonds in 2015 to advance refund and retire previously issued bonds. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$841,290. This amount, less accumulated amortization, is reported in the accompanying statement of net position as a deferred outflow of resources and is being charged to activities through fiscal year 2029. The balance at June 30, 2020 is \$540,828.

The School District issued bonds in 2016 to advance refund and retire previously issued bonds. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$150,135. This amount, less accumulated amortization, is reported in the accompanying statement of net position as a deferred outflow of resources and is being charged to activities through fiscal year 2027. The balance at June 30, 2020 is \$95,545.

The School District issued bonds in 2020 to advance refund and retire previously issued bonds. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$282,057. This amount, less accumulated amortization, is reported in the accompanying statement of net position as a deferred outflow of resources and is being charged to activities through fiscal year 2040. The balance at June 30, 2020 is \$282,057.

**Note 10 - Risk Management**

The School District participates in a pool, the MASB-SEG Property and Casualty Pool with other school districts for boiler and machinery, property, fleet, liability, in-land marine, crime, employee dishonesty, and errors and omissions. The pool is organized under Public Act 138 of 1982, as amended as a governmental group property and casualty self insurance pool. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The School District has not been informed of any special assessments being required.

The District also participates in a pool, the SEG Self-Insurer Workers' Disability Compensation Fund, with other school districts for workers' compensation losses. The pool is organized under Public Act 317 of 1969, as amended. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to a special assessment to make up the deficiency. The District has not been informed of any special assessments being required.

The School District is self-insured for dental and vision insurance. The School District has contracted with an independent administrator to process the dental and vision claims and perform other administrative duties. According to the provisions of the dental program, the School District pays 80% of claims, up to \$1,000 annually, to each covered employee and the remaining 20% is paid by the employee. The vision plan contains service-specific co-pays, with service limitations being provided on an annual basis. The School District evaluates the liability related to the dental and vision claims at the end of the fiscal year. The liability is calculated based on claims already incurred and reported. For governmental activities, the liability for dental and vision benefits is primarily liquidated by the General Fund.

The School District is self-insured for health and prescription benefits paid on behalf of the District employees that are eligible to receive

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these various benefits. Payments are made to the claims administrator each month based on actual claims paid out and associated administration fees. The health plan provides a stop loss provision of \$70,000 specific excess coverage per covered person and \$1,207,490 aggregate. For governmental activities, the liability of the health benefits is primarily liquidated by the General Fund.

Change in estimated liabilities for claims for health benefits for the year is as follows:

	2020	2019
Estimated liability at the beginning of the year	\$ 281,616	\$ 150,988
Estimated claims incurred including changes in estimates	1,223,725	1,505,067
Claim payments	(1,347,396)	(1,374,439)
Estimated at liability end of year	\$ 157,945	\$ 281,616

The School District is subject to the Michigan Employment Security Act and has elected to pay unemployment claims on a direct self-insured basis. Under this method, the School District must reimburse the Employment Commission for all benefits charged against the School District. The School District had \$2,990 of unemployment compensation expense for the year. No provision has been made for possible future claims.

**Note 11 - Pension Plan**

**Plan Description**

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

and the State Superintendent of Instruction, who serves as an ex-officio member.

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

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

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

**Benefits Provided**

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

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



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service through repayment of the refund upon satisfaction of certain requirements.

**Contributions**

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

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

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

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

Required contributions to the pension plan from the School District were \$3,504,485 for the year ending September 30, 2019.

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

At June 30, 2020, the School District reported a liability of \$43,687,204 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2018. The School District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2019, the School District's proportion was 0.1319 percent, which was a decrease of 0.0026 percent from its proportion measured as of September 30, 2018.

For the plan year ending September 30, 2019, the School District recognized pension expense of \$6,177,480 for the measurement period. For the reporting period ending June 30, 2020, the School District recognized total pension contribution expense of \$3,518,814.

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At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Amount to Amortize
Difference between expected and actual experience	\$ 195,820	\$ (182,171)	\$ 13,649
Changes in assumptions	8,553,985	-	8,553,985
Net difference between projected and actual earnings on pension plan investments	-	(1,400,101)	(1,400,101)
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>286,020</u>	<u>(1,296,371)</u>	<u>(1,010,351)</u>
Total to be recognized in future	9,035,825	(2,878,643)	6,157,182
Employer contributions subsequent to the measurement date	<u>3,245,207</u>	<u>(1,338,272)</u>	<u>1,906,935</u>
Total	<u>\$ 12,281,032</u>	<u>\$ (4,216,915)</u>	<u>\$ 8,064,117</u>

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. The District will offset the contribution expense in the year ended June 30, 2021 with the 147c supplemental income received subsequent to the measurement date which is included in the deferred inflows of resources. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows during the following plan years:

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

Plan Year Ending September 30,	Amount:
2020	\$ 2,515,865
2021	1,984,567
2022	1,172,061
2023	484,689
Total	<u>\$ 6,157,182</u>

**Actuarial Assumptions**

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

Additional information as of the latest actuarial valuation follows:

*Summary of Actuarial Assumptions:*

- Valuation Date: September 30, 2018
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return:
  - MIP and Basic Plans 6.80%
  - Pension Plus Plan 6.80%
  - Pension Plus 2 Plan: 6.00%
- Projected Salary Increases: 2.75 - 11.55%, including wage inflation at 2.75%
- Cost-of-Living Pension Adjustments: 3% Annual Non-Compounded for MIP Members

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- Mortality:
  - Retirees: RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
  - Active Members: Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2017 valuation. The total pension liability as of September 30, 2019, is based on the results of an actuarial valuation date of September 30, 2018, and rolled forward using generally accepted actuarial procedures, including the experience study.

Recognition period for liabilities is the average of the expected remaining service lives of all employees is 4.4977 years.

Recognition period for assets is 5 years.

Full actuarial assumptions are available in the 2019 MPSERS Comprehensive Annual Financial Report found on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Long-Term Expected Return on Plan Assets**

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

asset class included in the pension plan's target asset allocation as of September 30, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	28.0 %	5.5 %
Alternative Investment Pools	18.0	8.6
International Equity	16.0	7.3
Fixed Income Pools	10.5	1.2
Real Estate and Infrastructure Pools	10.0	4.2
Absolute Return Pools	15.5	5.4
Short Term Investment Pools	2.0	0.8
	100.0%	

*\*Long-term rates of return are net of administrative expenses and 2.3% inflation.*

**Rate of Return**

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

**Discount Rate**

A discount rate of 6.80% was used to measure the total pension liability (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.80% (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan). The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer

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contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 6.80% (6.80% for the Pension plus plan, 6.0% for the Pension Plus 2 plan), as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease (Non-Hybrid/Hybrid)*	Current Single Discount Rate Assumption (Non-Hybrid/Hybrid)*	1% Increase (Non-Hybrid/Hybrid)*
5.80% / 5.80% / 5.00%	6.80% / 6.80% / 6.00%	7.80% / 7.80% / 7.00%
\$ 56,796,160	\$ 43,687,204	\$ 32,819,428

\*Discount rates listed in the following order: Basic and Member Investment Plan (MIP), Pension Plus, and Pension Plus 2.

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

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS CAFR, available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

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

There were no significant payables to the pension plan that are not ordinary accruals to the School District.

**Note 12 - Postemployment Benefits Other Than Pensions (OPEB)**

**Plan Description**

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

The System's health plan provides all eligible retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

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

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

**Benefits Provided**

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions.

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

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

Under Public Act 300 of 2012, members were given the choice between continuing the 3% contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3% contribution and instead opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay healthcare expenses in retirement. Participants in the PHF are automatically enrolled in a 2% employee contribution into their 457 account as of their transition date,

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

**Contributions**

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

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

The schedule below summarizes OPEB contribution rates in effect for plan year 2019.

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

Required contributions to the OPEB plan from the School District were \$912,101 for the year ended September 30, 2019.

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

At June 30, 2020, the School District reported a liability of \$9,535,042 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2018. The School District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2019, the School District's proportion was 0.1328 percent, which was an increase of .0019 percent from its proportion measured as of September 30, 2018.

For the plan year ending September 30, 2019, the School District recognized OPEB expense of \$154,203 for the measurement period. For the reporting period ending June 30, 2020, the School District recognized total OPEB contribution expense of \$942,348

At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Amount to Amortize
Difference between expected and actual experience	\$ -	\$ (3,498,676)	\$ (3,498,676)
Changes in assumptions	2,066,051	-	2,066,051
Net difference between projected and actual earnings on OPEB plan investments	-	(165,819)	(165,819)
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>139,155</u>	<u>(456,442)</u>	<u>(317,287)</u>
Total to be recognized in future employer contributions subsequent to the measurement date	<u>2,205,206</u>	<u>(4,120,937)</u>	<u>(1,915,731)</u>
	<u>820,084</u>	<u>-</u>	<u>820,084</u>
<b>Total</b>	<b><u>\$ 3,025,290</u></b>	<b><u>\$ (4,120,937)</u></b>	<b><u>\$ (1,095,647)</u></b>

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

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future OPEB Expenses)	
Plan Year Ending September 30,	Amount:
2020	\$ (533,583)
2021	(533,583)
2022	(451,287)
2023	(284,635)
2024	(112,643)
Total	\$ (1,915,731)

**Actuarial Assumptions**

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

Additional information as of the latest actuarial valuation follows:

*Summary of Actuarial Assumptions:*

- Valuation Date: September 30, 2018

- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return: 6.95%
- Projected Salary Increases: 2.75 – 11.55%, including wage inflation of 2.75%
- Healthcare Cost Trend Rate: 7.5% Year 1 graded to 3.5% Year 12
- Mortality:
  - Retirees: RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
  - Active Members: Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

*Other Assumptions:*

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

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2017 valuation. The total OPEB liability as of September 30, 2019, is based on the results of an actuarial valuation date of September 30, 2018,

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and rolled forward using generally accepted actuarial procedures, including the experience study.

Recognition period for liabilities is the average of the expected remaining service lives of all employees is 5.7101 years.

Recognition period for assets is 5 years.

Full actuarial assumptions are available in the 2019 MPSERS Comprehensive Annual Financial Report found on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Long-Term Expected Return on Plan Assets**

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	28.0 %	5.5 %
Alternative Investment Pools	18.0	8.6
International Equity	16.0	7.3
Fixed Income Pools	10.5	1.2
Real Estate and Infrastructure Pools	10.0	4.2
Absolute Return Pools	15.5	5.4
Short Term Investment Pools	2.0	0.8
	100.0%	

*\*Long-term rates of return are net of administrative expenses and 2.3% inflation.*

**Rate of Return**

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

**Discount Rate**

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



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periods of projected benefit payments to determine the total OPEB liability.

**Sensitivity of the School District’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate**

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

1% Decrease 5.95%	Current Discount Rate 6.95%	1% Increase 7.95%
\$ 11,696,162	\$ 9,535,042	\$ 7,720,301

**Sensitivity of the School District’s Proportionate Share of the Net OPEB Liability to Healthcare Cost Trend Rate**

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

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$ 7,643,364	\$ 9,535,042	\$ 11,695,905

**OPEB Plan Fiduciary Net Position**

Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued 2019 MPSERS CAFR, available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Payables to the OPEB Plan**

There were no significant payables to the OPEB plan that are not ordinary accruals to the School District.

**Note 13 - Tax Abatements**

The School District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions granted by the City Charlotte. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities.

The School District evaluated tax abatements under the provisions of GASB 77 and determined that the property tax abatements are insignificant.

**Note 14 – Change in Accounting Principle**

As indicated in Note 1, Governmental Accounting Standards Board Statement 84 has been adopted. The standard requires this change be applied retroactively. The impact of this change is to increase beginning net position in the statement of activities as of July 1, 2019 by \$166,214, restating it from (\$49,405,754) to (\$49,239,540). The impact of this change increases the beginning fund balance on the statement of revenues, expenditures and changes in fund balance as of July 1, 2019 by \$166,214, restating it from \$7,946,619 to \$8,112,833. The impact of this change also decreases beginning net position on the statement of changes in fiduciary net position as of July 1, 2019 by \$166,214, restating it from \$166,214 to \$0.

The effects of the change in accounting principle described above are before the effects of the prior period adjustment described in Note 15.

**Note 15 – Prior Period Adjustment**

At June 30, 2019, the School District recorded revenue and grants receivable of \$382,364 that was not due to the School District. The effect of the prior period adjustment is to reduce beginning general

**Charlotte Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2020**

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fund balance by \$382,364 from \$4,305,810 to \$3,923,446 on the governmental funds balance sheet. The effect of the prior period adjustment also reduces beginning net position from (\$49,405,754) to (\$49,788,118) on the statement of activities.

**Note 16 – COVID-19 Pandemic**

As result of the global coronavirus pandemic of 2020, the financial picture for Michigan School Districts has seen an unanticipated change. The duration and full effects of the outbreak are currently unknown, as the local and global picture continues to change frequently. To reduce the chance of spreading COVID-19; in March 2020, public schools were closed for the remainder of the 2019-2020 school year. As a result of the pandemic, the State of Michigan encountered a revenue shortfall resulting in a revenue reduction for Districts of \$175 per pupil which reduced the state aid payment in August of 2020. Subsequent to year end, multiple new revenue sources were approved; including Public Act 123 of 2020 which provides Districts an approximate \$12.32 per pupil and Public Act 146 of 2020 which provides Districts \$350 per pupil. These new revenue streams approved after June 30, 2020 will be recognized in the fiscal year ended June 30, 2021 in accordance with reporting criteria established by the Governmental Accounting Standards Board. Additionally, the “Return to Learn” legislation passed subsequent to year end which modifies the per pupil foundation allowance calculation and allows flexibilities in the days and attendance requirements for Districts. Local districts are able to decide whether to provide instruction virtually or face to face for the 2020-2021 school year. Currently, it is not possible to estimate the full extent of any potential impacts to the District or to determine if any changes in fair values are other than temporary in nature. Accordingly, no adjustments to the financial statements were made as a result of these events.

## REQUIRED SUPPLEMENTARY INFORMATION

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**Charlotte Public Schools**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Local sources	\$ 2,973,879	\$ 2,890,253	\$ 2,914,837	\$ 24,584
State sources	20,479,258	18,822,913	20,041,816	1,218,903
Federal sources	2,013,848	990,303	813,613	(176,690)
Interdistrict sources	<u>1,218,300</u>	<u>2,748,093</u>	<u>2,786,312</u>	<u>38,219</u>
Total revenues	<u>26,685,285</u>	<u>25,451,562</u>	<u>26,556,578</u>	<u>1,105,016</u>
<b>Expenditures</b>				
Instruction				
Basic programs	11,582,338	11,667,951	11,602,435	(65,516)
Added needs	4,209,594	4,030,539	3,958,600	(71,939)
Supporting services				
Pupil	1,724,193	1,578,833	1,485,700	(93,133)
Instructional staff	831,420	685,524	652,647	(32,877)
General administration	436,032	420,241	407,890	(12,351)
School administration	1,780,780	1,769,772	1,728,183	(41,589)
Business	418,291	501,934	503,533	1,599
Operations and maintenance	2,757,545	2,848,324	2,685,845	(162,479)
Pupil transportation services	1,676,910	1,686,442	1,733,728	47,286
Central	669,117	734,579	696,860	(37,719)
Athletic activities	588,900	457,020	445,252	(11,768)
Community services	164,025	175,731	138,272	(37,459)
Intergovernmental payments	1,000	3,000	3,000	-
Capital outlay	<u>383,050</u>	<u>309,184</u>	<u>304,893</u>	<u>(4,291)</u>
Total expenditures	<u>27,223,195</u>	<u>26,869,074</u>	<u>26,346,838</u>	<u>(522,236)</u>

**Charlotte Public Schools**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
Excess (deficiency) of revenues over expenditures	<u>(537,910)</u>	<u>(1,417,512)</u>	<u>209,740</u>	<u>1,627,252</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	5,000	-	-	-
Transfers in	164,005	147,410	137,771	(9,639)
Transfers out	<u>(60,023)</u>	<u>(88,457)</u>	<u>(68,880)</u>	<u>19,577</u>
Total other financing sources (uses)	<u>108,982</u>	<u>58,953</u>	<u>68,891</u>	<u>9,938</u>
Net change in fund balance	(428,928)	(1,358,559)	278,631	1,637,190
Fund balance - beginning	<u>3,923,446</u>	<u>3,923,446</u>	<u>3,923,446</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,494,518</u>	<u>\$ 2,564,887</u>	<u>\$ 4,202,077</u>	<u>\$ 1,637,190</u>

**Charlotte Public Schools**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule - Broadband Lease**  
**For the Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Local sources	\$ 143,819	\$ 166,919	\$ 167,037	\$ 118
<b>Expenditures</b>				
Capital outlay	<u>145,000</u>	<u>597,000</u>	<u>593,640</u>	<u>(3,360)</u>
Net change in fund balance	(1,181)	(430,081)	(426,603)	3,478
Fund balance - beginning	<u>472,058</u>	<u>472,058</u>	<u>472,058</u>	<u>-</u>
Fund balance - ending	<u>\$ 470,877</u>	<u>\$ 41,977</u>	<u>\$ 45,455</u>	<u>\$ 3,478</u>

**Charlotte Public Schools**  
**Required Supplementary Information**  
**Schedule of the School District's Proportionate Share of the Net Pension Liability**  
**Michigan Public School Employees Retirement Plan**  
**Last 10 Fiscal Years (Measurement Date September 30th, of Each June Fiscal Year)**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
A. Reporting unit's proportion of net pension liability (%)	0.13190%	0.13450%	0.13710%	0.13350%	0.13810%	0.14181%					
B. Reporting unit's proportionate share of net pension liability	\$ 43,687,204	\$ 40,430,934	\$ 35,521,296	\$ 33,309,840	\$ 33,724,108	\$ 31,235,156					
C. Reporting unit's covered-employee payroll	\$ 11,924,173	\$ 11,175,911	\$ 11,700,211	\$ 11,043,846	\$ 12,514,564	\$ 12,059,674					
D. Reporting unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	366.38%	361.77%	303.60%	301.61%	269.48%	259.00%					
E. Plan fiduciary net position as a percentage of total pension liability	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%					

**Note:**

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2019.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2019.

**Charlotte Public Schools**  
**Required Supplementary Information**  
**Schedule of the School District's Pension Contributions**  
**Michigan Public School Employees Retirement Plan**  
**Last 10 Fiscal Years**

	For the Years Ended June 30,										
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
A. Statutorily required contributions	\$ 3,518,814	\$ 3,515,903	\$ 3,666,946	\$ 2,099,862	\$ 2,110,748	\$ 2,202,350					
B. Contributions in relation to statutorily required contributions	<u>3,518,814</u>	<u>3,515,903</u>	<u>3,666,946</u>	<u>2,099,862</u>	<u>2,110,748</u>	<u>2,202,350</u>					
C. Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>					
D. Reporting unit's covered-employee payroll	\$ 11,651,915	\$ 11,597,795	\$ 11,389,697	\$ 11,367,790	\$ 11,029,336	\$ 11,693,036					
E. Contributions as a percentage of covered-employee payroll	30.20%	30.32%	32.20%	18.47%	19.14%	18.83%					



**Charlotte Public Schools**  
**Required Supplementary Information**  
**Schedule of the School District's Proportionate Share of the Net OPEB Liability**  
**Michigan Public School Employees Retirement Plan**  
**Last 10 Fiscal Years (Measurement Date September 30th, of Each June Fiscal Year)**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
A. Reporting unit's proportion of net OPEB liability (%)	0.13280%	0.13100%	0.13650%								
B. Reporting unit's proportionate share of net OPEB liability \$	9,535,042	\$ 10,411,430	\$ 12,085,652								
C. Reporting unit's covered-employee payroll	\$ 11,924,173	\$ 11,175,911	\$ 11,700,211								
D. Reporting unit's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	79.96%	93.16%	103.29%								
E. Plan fiduciary net position as a percentage of total OPEB liability	48.46%	42.95%	36.39%								

**Note:**

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2019.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2019.

**Charlotte Public Schools**  
**Required Supplementary Information**  
**Schedule of the School District's OPEB Contributions**  
**Michigan Public School Employees Retirement Plan**  
**Last 10 Fiscal Years**

		For the Years Ended June 30,										
		2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
A.	Statorily required contributions	\$ 942,348	\$ 912,424	\$ 898,416								
B.	Contributions in relation to statorily required contributions	<u>942,348</u>	<u>912,424</u>	<u>898,416</u>								
C.	Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>								
D.	Reporting unit's covered-employee payroll	\$ 11,651,915	\$ 11,597,795	\$ 11,389,697								
E.	Contributions as a percentage of covered-employee payroll	8.09%	7.87%	7.89%								

## OTHER SUPPLEMENTARY INFORMATION

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**Charlotte Public Schools**  
**Other Supplementary Information**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2020**

	Special Revenue Funds			Total Special Revenue Funds
	Community Services Fund	Food Service Fund	Student Activities	
<b>Assets</b>				
Cash	\$ 482,487	\$ 133,115	\$ 122,074	\$ 737,676
Investments	-	-	74,000	74,000
Accounts receivable	15,958	2,959	-	18,917
Taxes receivable	167	-	-	167
Due from other funds	98,605	68,864	100	167,569
Due from other governmental units	75,223	34,861	-	110,084
Inventory	-	18,396	-	18,396
Prepaid items	1,310	-	-	1,310
	<u>673,750</u>	<u>258,195</u>	<u>196,174</u>	<u>1,128,119</u>
Total assets	<u>\$ 673,750</u>	<u>\$ 258,195</u>	<u>\$ 196,174</u>	<u>\$ 1,128,119</u>
<b>Liabilities</b>				
Accounts payable	\$ 32,908	\$ 91	\$ -	\$ 32,999
Due to other funds	120,716	3,193	1,105	125,014
Accrued expenditures	668	3,933	-	4,601
Accrued salaries	1,488	11,725	-	13,213
Unearned revenue	7,131	15,384	-	22,515
	<u>162,911</u>	<u>34,326</u>	<u>1,105</u>	<u>198,342</u>
Total liabilities	<u>162,911</u>	<u>34,326</u>	<u>1,105</u>	<u>198,342</u>
<b>Fund Balance</b>				
Non-spendable				
Inventory	-	18,396	-	18,396
Prepaid items	1,310	-	-	1,310
Restricted for				
Food service	-	205,473	-	205,473
Debt service	-	-	-	-
Committed	-	-	195,069	195,069
Assigned	509,529	-	-	509,529
	<u>510,839</u>	<u>223,869</u>	<u>195,069</u>	<u>929,777</u>
Total fund balance	<u>510,839</u>	<u>223,869</u>	<u>195,069</u>	<u>929,777</u>
Total liabilities and fund balances	<u>\$ 673,750</u>	<u>\$ 258,195</u>	<u>\$ 196,174</u>	<u>\$ 1,128,119</u>

**Charlotte Public Schools**  
**Other Supplementary Information**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2020**

	Debt Service Funds				Total Nonmajor Governmental Funds
	2012 Debt	2010A Debt	2015 Debt	2016 Debt	
<b>Assets</b>					
Cash	\$ 24,842	\$ -	\$ 51,118	\$ 4,955	\$ 818,591
Investments	647	-	-	-	74,647
Accounts receivable	-	-	-	-	18,917
Taxes receivable	290	-	599	52	1,108
Due from other funds	-	-	217	35	167,821
Due from other governmental units	-	-	-	-	110,084
Inventory	-	-	-	-	18,396
Prepaid items	-	-	-	-	1,310
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,310</u>
Total assets	<u>\$ 25,779</u>	<u>\$ -</u>	<u>\$ 51,934</u>	<u>\$ 5,042</u>	<u>\$ 1,210,874</u>
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 32,999
Due to other funds	-	-	-	-	125,014
Accrued expenditures	-	-	-	-	4,601
Accrued salaries	-	-	-	-	13,213
Unearned revenue	-	-	-	-	22,515
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,515</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>198,342</u>
<b>Fund Balance</b>					
Non-spendable					
Inventory	-	-	-	-	18,396
Prepaid items	-	-	-	-	1,310
Restricted for					
Food service	-	-	-	-	205,473
Debt service	25,779	-	51,934	5,042	82,755
Committed	-	-	-	-	195,069
Assigned	-	-	-	-	509,529
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>509,529</u>
Total fund balance	<u>25,779</u>	<u>-</u>	<u>51,934</u>	<u>5,042</u>	<u>1,012,532</u>
Total liabilities and fund balances	<u>\$ 25,779</u>	<u>\$ -</u>	<u>\$ 51,934</u>	<u>\$ 5,042</u>	<u>\$ 1,210,874</u>

**Charlotte Public Schools**  
**Other Supplementary Information**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2020**

	Special Revenue Funds			Total Special Revenue Funds
	Community Services Fund	Food Service Fund	Student Activities	
<b>Revenues</b>				
Local sources	\$ 1,228,857	\$ 272,769	\$ 231,592	\$ 1,733,218
State sources	7,187	47,431	-	54,618
Federal sources	182,080	796,413	-	978,493
	<u>1,418,124</u>	<u>1,116,613</u>	<u>231,592</u>	<u>2,766,329</u>
Total revenues				
<b>Expenditures</b>				
Current				
Food services	-	1,056,310	-	1,056,310
Student and school activities	-	-	202,737	202,737
Performing arts	89,461	-	-	89,461
Childcare	819,575	-	-	819,575
Aquatic center	488,813	-	-	488,813
Capital outlay	31,057	48,154	-	79,211
Debt service				
Principal	-	-	-	-
Interest and other expenditures	-	-	-	-
Bond issuance costs	-	-	-	-
Payment to bond refunding escrow agent	-	-	-	-
	<u>1,428,906</u>	<u>1,104,464</u>	<u>202,737</u>	<u>2,736,107</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>(10,782)</u>	<u>12,149</u>	<u>28,855</u>	<u>30,222</u>

**Charlotte Public Schools**  
**Other Supplementary Information**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2020**

	Special Revenue Funds			Total Special Revenue Funds
	Community Services Fund	Food Service Fund	Student Activities	
<b>Other Financing Sources (Uses)</b>				
Proceeds from issuance of bonds	-	-	-	-
Premium on issuance of bonds	-	-	-	-
Discount on issuance of bonds	-	-	-	-
Proceeds from school loan revolving fund	-	-	-	-
Transfers in	68,880	-	-	68,880
Transfers out	(56,145)	(81,626)	-	(137,771)
 Total other financing sources (uses)	 12,735	 (81,626)	 -	 (68,891)
 Net change in fund balance	 1,953	 (69,477)	 28,855	 (38,669)
Fund balance - beginning	508,886	293,346	166,214	968,446
Fund balance - ending	<u>\$ 510,839</u>	<u>\$ 223,869</u>	<u>\$ 195,069</u>	<u>\$ 929,777</u>

**Charlotte Public Schools**  
**Other Supplementary Information**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2020**

	Debt Service Funds				Total Nonmajor Governmental Funds
	2012 Debt	2010A Debt	2015 Debt	2016 Debt	
<b>Revenues</b>					
Local sources	\$ 595,259	\$ -	\$ 1,239,015	\$ 110,527	\$ 3,678,019
State sources	14,946	-	31,048	2,727	103,339
Federal sources	-	-	-	-	978,493
<b>Total revenues</b>	<u>610,205</u>	<u>-</u>	<u>1,270,063</u>	<u>113,254</u>	<u>4,759,851</u>
<b>Expenditures</b>					
Current					
Food services	-	-	-	-	1,056,310
Student and school activities	-	-	-	-	202,737
Performing arts	-	-	-	-	89,461
Childcare	-	-	-	-	819,575
Aquatic center	-	-	-	-	488,813
Capital outlay	-	-	-	-	79,211
Debt service					
Principal	975,000	-	1,580,000	-	2,555,000
Interest and other expenditures	138,738	7,304	911,250	250,388	1,307,680
Bond issuance costs	-	-	-	-	-
Payment to bond refunding escrow agent	-	-	-	-	-
<b>Total expenditures</b>	<u>1,113,738</u>	<u>7,304</u>	<u>2,491,250</u>	<u>250,388</u>	<u>6,598,787</u>
Excess (deficiency) of revenues over expenditures	<u>(503,533)</u>	<u>(7,304)</u>	<u>(1,221,187)</u>	<u>(137,134)</u>	<u>(1,838,936)</u>
<b>Other Financing Sources (Uses)</b>					
Proceeds from issuance of bonds	-	-	-	-	-
Premium on issuance of bonds	-	-	-	-	-
Discount on issuance of bonds	-	-	-	-	-
Proceeds from school loan revolving fund	497,858	-	1,207,723	133,158	1,838,739
Transfers in	-	-	-	-	68,880
Transfers out	-	-	-	-	(137,771)
<b>Total other financing sources (uses)</b>	<u>497,858</u>	<u>-</u>	<u>1,207,723</u>	<u>133,158</u>	<u>1,769,848</u>
<b>Net change in fund balance</b>	<u>(5,675)</u>	<u>(7,304)</u>	<u>(13,464)</u>	<u>(3,976)</u>	<u>(69,088)</u>
Fund balance - beginning	<u>31,454</u>	<u>7,304</u>	<u>65,398</u>	<u>9,018</u>	<u>1,081,620</u>
Fund balance - ending	<u>\$ 25,779</u>	<u>\$ -</u>	<u>\$ 51,934</u>	<u>\$ 5,042</u>	<u>\$ 1,012,532</u>



**Charlotte Public Schools**  
**Other Supplementary Information**  
**General Fund**  
**Schedule of Revenues Compared to Budget**  
**For the Year Ended June 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
<b>Revenue from local sources</b>				
Property tax levy	\$ 2,669,679	\$ 2,641,090	\$ 2,628,831	\$ (12,259)
Tuition	3,800	540	600	60
Transportation fees	15,000	12,500	11,379	(1,121)
Earnings on investments	10,500	6,700	7,017	317
Student activities	81,900	73,196	73,021	(175)
Community service activities	28,000	11,463	14,025	2,562
Other local revenues	<u>165,000</u>	<u>144,764</u>	<u>179,964</u>	<u>35,200</u>
Total revenues from local sources	<u>2,973,879</u>	<u>2,890,253</u>	<u>2,914,837</u>	<u>24,584</u>
<b>Revenues from state sources</b>				
Grants - unrestricted	16,927,570	15,847,755	17,046,122	1,198,367
Grants - restricted	<u>3,551,688</u>	<u>2,975,158</u>	<u>2,995,694</u>	<u>20,536</u>
Total revenues from state sources	<u>20,479,258</u>	<u>18,822,913</u>	<u>20,041,816</u>	<u>1,218,903</u>
<b>Revenues from federal sources</b>				
Grants	<u>2,013,848</u>	<u>990,303</u>	<u>813,613</u>	<u>(176,690)</u>
<b>Interdistrict sources</b>				
Transportation	401,307	423,397	452,144	28,747
ISD collected millage	563,480	2,103,365	2,119,243	15,878
Other	<u>253,513</u>	<u>221,331</u>	<u>214,925</u>	<u>(6,406)</u>
Total interdistrict sources	<u>1,218,300</u>	<u>2,748,093</u>	<u>2,786,312</u>	<u>38,219</u>

**Charlotte Public Schools**  
**Other Supplementary Information**  
**General Fund**  
**Schedule of Revenues Compared to Budget**  
**For the Year Ended June 30, 2020**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
<b>Other financing sources</b>				
Proceeds from sale of capital assets	5,000	-	-	-
Transfers in	<u>164,005</u>	<u>147,410</u>	<u>137,771</u>	<u>(9,639)</u>
Total other financing sources	<u>169,005</u>	<u>147,410</u>	<u>137,771</u>	<u>(9,639)</u>
Total revenue and other financing sources	<u>\$ 26,854,290</u>	<u>\$ 25,598,972</u>	<u>\$ 26,694,349</u>	<u>\$ 1,095,377</u>

**Charlotte Public Schools**  
**Other Supplementary Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2020**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Basic program - elementary</b>				
Salaries	\$ 3,467,854	\$ 3,637,226	\$ 3,652,765	\$ 15,539
Employee benefits	2,521,870	2,563,599	2,588,916	25,317
Purchased services	37,830	32,620	35,684	3,064
Supplies and materials	255,273	246,485	234,283	(12,202)
Other	105,315	81,808	77,545	(4,263)
Total elementary	<u>6,388,142</u>	<u>6,561,738</u>	<u>6,589,193</u>	<u>27,455</u>
<b>Basic program - middle school</b>				
Salaries	858,148	784,037	788,167	4,130
Employee benefits	579,296	559,759	552,861	(6,898)
Purchased services	13,650	12,050	11,661	(389)
Supplies and materials	38,033	34,753	21,631	(13,122)
Other	13,945	24,300	23,278	(1,022)
Total middle school	<u>1,503,072</u>	<u>1,414,899</u>	<u>1,397,598</u>	<u>(17,301)</u>
<b>Basic program - high school</b>				
Salaries	1,938,830	1,924,630	1,916,329	(8,301)
Employee benefits	1,467,062	1,358,989	1,380,334	21,345
Purchased services	198,201	194,901	142,988	(51,913)
Supplies and materials	62,075	78,185	74,969	(3,216)
Other	22,300	43,790	44,927	1,137
Total high school	<u>3,688,468</u>	<u>3,600,495</u>	<u>3,559,547</u>	<u>(40,948)</u>

**Charlotte Public Schools**  
**Other Supplementary Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2020**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Basic program - summer school</b>				
Salaries	1,500	4,140	1,378	(2,762)
Employee benefits	656	1,792	489	(1,303)
Purchased services	-	42,947	13,057	(29,890)
Supplies and materials	500	41,940	41,173	(767)
Total summer school	<u>2,656</u>	<u>90,819</u>	<u>56,097</u>	<u>(34,722)</u>
<b>Added needs - special education</b>				
Salaries	1,199,266	1,082,789	1,079,696	(3,093)
Employee benefits	751,228	664,700	649,791	(14,909)
Purchased services	3,642	3,142	2,896	(246)
Supplies and materials	5,550	1,410	1,343	(67)
Other	841,867	821,764	857,906	36,142
Total special education	<u>2,801,553</u>	<u>2,573,805</u>	<u>2,591,632</u>	<u>17,827</u>
<b>Added needs - compensatory education</b>				
Salaries	685,851	668,438	646,737	(21,701)
Employee benefits	445,610	489,802	422,084	(67,718)
Purchased services	4,500	4,500	4,500	-
Supplies and materials	1,500	1,500	1,458	(42)
Total compensatory education	<u>1,137,461</u>	<u>1,164,240</u>	<u>1,074,779</u>	<u>(89,461)</u>
<b>Added needs - career and technical education</b>				
Salaries	131,285	154,769	152,954	(1,815)
Employee benefits	103,895	104,010	102,867	(1,143)
Purchased services	9,400	5,900	6,492	592
Supplies and materials	21,000	21,800	23,863	2,063
Other	5,000	6,015	6,013	(2)
Total career and technical education	<u>270,580</u>	<u>292,494</u>	<u>292,189</u>	<u>(305)</u>

**Charlotte Public Schools**  
**Other Supplementary Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2020**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Pupil - guidance services</b>				
Salaries	156,951	116,252	111,041	(5,211)
Employee benefits	108,663	78,923	81,161	2,238
Purchased services	19,185	23,185	20,445	(2,740)
Supplies and materials	2,800	2,200	1,197	(1,003)
Other	800	-	-	-
Total guidance services	<u>288,399</u>	<u>220,560</u>	<u>213,844</u>	<u>(6,716)</u>
<b>Pupil - health services</b>				
Purchased services	10,400	7,000	6,667	(333)
Supplies and materials	400	3,700	4,298	598
Other	<u>127,508</u>	<u>118,663</u>	<u>118,663</u>	<u>-</u>
Total health services	<u>138,308</u>	<u>129,363</u>	<u>129,628</u>	<u>265</u>
<b>Pupil - psychological services</b>				
Other	<u>180,592</u>	<u>133,997</u>	<u>134,129</u>	<u>132</u>
<b>Pupil - speech services</b>				
Other	<u>347,692</u>	<u>374,354</u>	<u>374,354</u>	<u>-</u>
<b>Pupil - social work services</b>				
Salaries	284,000	292,937	245,948	(46,989)
Employee benefits	163,924	183,654	145,106	(38,548)
Purchased services	300	170	170	-
Supplies and materials	500	-	-	-
Other	<u>144,838</u>	<u>119,433</u>	<u>119,433</u>	<u>-</u>
Total social work services	<u>593,562</u>	<u>596,194</u>	<u>510,657</u>	<u>(85,537)</u>

**Charlotte Public Schools**  
**Other Supplementary Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2020**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Pupil - teacher consultant</b>				
Salaries	57,443	25,095	25,096	1
Employee benefits	31,295	23,202	22,441	(761)
Other	300	248	124	(124)
Total teacher consultant	<u>89,038</u>	<u>48,545</u>	<u>47,661</u>	<u>(884)</u>
<b>Pupil - other support services</b>				
Salaries	26,251	20,441	20,251	(190)
Employee benefits	16,291	14,174	14,072	(102)
Purchased services	44,060	41,205	41,104	(101)
Total other pupil support services	<u>86,602</u>	<u>75,820</u>	<u>75,427</u>	<u>(393)</u>
<b>Instructional staff - improvement of education</b>				
Salaries	80,921	38,850	29,608	(9,242)
Employee benefits	38,408	16,791	13,393	(3,398)
Purchased services	108,388	32,584	29,657	(2,927)
Supplies and materials	7,900	4,995	4,360	(635)
Other	22,503	12,993	12,222	(771)
Total improvement of education	<u>258,120</u>	<u>106,213</u>	<u>89,240</u>	<u>(16,973)</u>
<b>Instructional staff - educational media services</b>				
Salaries	30,179	38,306	31,375	(6,931)
Employee benefits	13,304	17,226	14,652	(2,574)
Purchased services	105	105	39	(66)
Other	10,321	8,808	8,807	(1)
Total educational media services	<u>53,909</u>	<u>64,445</u>	<u>54,873</u>	<u>(9,572)</u>
<b>Instructional staff - technology assisted instruction</b>				
Supplies and materials	68,871	60,000	53,898	(6,102)

**Charlotte Public Schools**  
**Other Supplementary Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2020**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Instructional staff - supervision and direction of instructional staff</b>				
Salaries	281,338	272,107	272,307	200
Employee benefits	159,532	174,645	175,291	646
Purchased services	5,250	4,680	3,794	(886)
Supplies and materials	2,000	2,200	2,010	(190)
Other	2,000	1,234	1,234	-
Total supervision and direction of instructional staff	<u>450,120</u>	<u>454,866</u>	<u>454,636</u>	<u>(230)</u>
<b>Special Education</b>				
Other	400	-	-	-
<b>General administration - board of education</b>				
Salaries	3,500	3,500	3,500	-
Employee benefits	1,528	1,528	704	(824)
Purchased services	78,150	99,765	97,570	(2,195)
Supplies and materials	4,000	2,000	597	(1,403)
Other	6,500	6,800	6,738	(62)
Total board of education	<u>93,678</u>	<u>113,593</u>	<u>109,109</u>	<u>(4,484)</u>
<b>General administration - executive administration</b>				
Salaries	217,930	185,333	185,387	54
Employee benefits	115,224	113,115	106,871	(6,244)
Purchased services	4,700	2,700	2,096	(604)
Supplies and materials	2,500	3,500	3,324	(176)
Other	2,000	2,000	1,103	(897)
Total executive administration	<u>342,354</u>	<u>306,648</u>	<u>298,781</u>	<u>(7,867)</u>

**Charlotte Public Schools**  
**Other Supplementary Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2020**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>School administration - office of the principal</b>				
Salaries	1,072,636	1,062,037	1,051,173	(10,864)
Employee benefits	672,675	679,199	649,004	(30,195)
Purchased services	11,638	10,785	10,487	(298)
Supplies and materials	17,400	13,400	15,379	1,979
Other	6,431	4,351	2,140	(2,211)
Total office of the principal	<u>1,780,780</u>	<u>1,769,772</u>	<u>1,728,183</u>	<u>(41,589)</u>
<b>Business - fiscal services</b>				
Salaries	207,057	203,600	203,598	(2)
Employee benefits	108,634	133,820	130,486	(3,334)
Purchased services	41,300	36,000	35,349	(651)
Supplies and materials	1,300	1,300	1,007	(293)
Other	12,000	18,000	18,315	315
Total fiscal services	<u>370,291</u>	<u>392,720</u>	<u>388,755</u>	<u>(3,965)</u>
<b>Business - internal services</b>				
Purchased services	<u>30,000</u>	<u>28,000</u>	<u>34,129</u>	<u>6,129</u>
<b>Business - other</b>				
Purchased services	12,000	11,214	11,214	-
Other	6,000	70,000	69,435	(565)
Total other business	<u>18,000</u>	<u>81,214</u>	<u>80,649</u>	<u>(565)</u>
<b>Operations and maintenance - operating building services</b>				
Salaries	157,439	199,367	196,240	(3,127)
Employee benefits	108,329	127,880	122,601	(5,279)
Purchased services	1,334,672	1,282,065	1,258,410	(23,655)
Supplies and materials	1,156,890	1,238,812	1,108,394	(130,418)
Other	200	200	200	-
Total operating building services	<u>2,757,530</u>	<u>2,848,324</u>	<u>2,685,845</u>	<u>(162,479)</u>



**Charlotte Public Schools**  
**Other Supplementary Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2020**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Operations and maintenance - security services</b>				
Employee benefits	15	-	-	-
<b>Pupil transportation services</b>				
Salaries	583,315	514,158	518,531	4,373
Employee benefits	306,285	366,312	343,962	(22,350)
Purchased services	72,810	64,811	65,182	371
Supplies and materials	153,500	139,585	150,439	10,854
Other	561,000	601,576	655,614	54,038
Total transportation services	<u>1,676,910</u>	<u>1,686,442</u>	<u>1,733,728</u>	<u>47,286</u>
<b>Central - communication services</b>				
Purchased services	30,000	15,000	14,049	(951)
Supplies and materials	5,000	5,000	2,829	(2,171)
Total communication services	<u>35,000</u>	<u>20,000</u>	<u>16,878</u>	<u>(3,122)</u>
<b>Central - staff/personnel services</b>				
Salaries	107,916	107,564	107,800	236
Employee benefits	69,406	74,095	71,500	(2,595)
Purchased services	15,300	29,196	18,717	(10,479)
Supplies and materials	300	700	615	(85)
Other	250	-	-	-
Total staff/personnel services	<u>193,172</u>	<u>211,555</u>	<u>198,632</u>	<u>(12,923)</u>
<b>Central - support services technology</b>				
Salaries	157,042	164,045	163,194	(851)
Employee benefits	90,553	94,811	93,627	(1,184)
Purchased services	62,350	103,168	86,434	(16,734)
Supplies and materials	131,000	141,000	138,095	(2,905)
Total support services technology	<u>440,945</u>	<u>503,024</u>	<u>481,350</u>	<u>(21,674)</u>
<b>Athletic activities</b>				
Salaries	246,623	215,670	199,853	(15,817)

**Charlotte Public Schools**  
**Other Supplementary Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2020**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Employee benefits	132,092	113,760	113,935	175
Purchased services	114,850	77,476	81,396	3,920
Supplies and materials	89,125	43,869	43,823	(46)
Other	6,210	6,245	6,245	-
<b>Total athletic activities</b>	<b>588,900</b>	<b>457,020</b>	<b>445,252</b>	<b>(11,768)</b>
<b>Community services - parent involve</b>				
Supplies and materials	6,442	2,208	202	(2,006)
<b>Community services - welfare activities</b>				
Supplies and materials	2,003	2,000	456	(1,544)
<b>Community services - non-public school pupils</b>				
Purchased services	3,454	16,068	7,427	(8,641)
Supplies and materials	3,441	14,763	11,722	(3,041)
Other	4,561	-	-	-
<b>Total non-public school pupils</b>	<b>11,456</b>	<b>30,831</b>	<b>19,149</b>	<b>(11,682)</b>
<b>CPAC</b>				
Salaries	63,770	64,047	50,407	(13,640)
Employee benefits	28,186	32,264	28,936	(3,328)
Purchased services	5,101	3,161	2,668	(493)
Supplies and materials	47,067	41,220	36,454	(4,766)
<b>Total other</b>	<b>144,124</b>	<b>140,692</b>	<b>118,465</b>	<b>(22,227)</b>
<b>Intergovernmental payments</b>				
Payments to other public schools	1,000	3,000	3,000	-

**Charlotte Public Schools**  
**Other Supplementary Information**  
**General Fund**  
**Schedule of Expenditures Compared to Budget**  
**For the Year Ended June 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
<b>Capital outlay</b>				
Pupil transportation services	90,000	85,184	85,184	-
Facilities acquisition	<u>293,050</u>	<u>224,000</u>	<u>219,709</u>	<u>(4,291)</u>
Total capital outlay	<u>383,050</u>	<u>309,184</u>	<u>304,893</u>	<u>(4,291)</u>
<b>Other financing uses</b>				
Transfers out	<u>60,023</u>	<u>88,457</u>	<u>68,880</u>	<u>(19,577)</u>
Total expenditures and other financing uses	<u>\$ 27,283,218</u>	<u>\$ 26,957,531</u>	<u>\$ 26,415,718</u>	<u>\$ (541,813)</u>

**Charlotte Public Schools**  
**Other Supplementary Information**  
**Schedule of Outstanding Bonded Indebtedness**  
**June 30, 2020**

Year Ending June 30,	2016 Refunding Bonds	2015 Refunding Bonds	2012 Refunding Bonds	2011 School Building and Site Obligation Bonds	2019 School Refunding Bonds	2020 School Refunding Bonds	Total
2021	\$ -	\$ 1,640,000	\$ 1,045,000	\$ -	\$ -	\$ -	\$ 2,685,000
2022	-	1,710,000	1,115,000	-	-	-	2,825,000
2023	960,000	1,765,000	250,000	-	-	-	2,975,000
2024	1,320,000	1,825,000	-	-	-	-	3,145,000
2025	1,435,000	1,890,000	-	6,000,000	-	-	9,325,000
2026	1,545,000	1,945,000	-	9,000,000	800,000	-	13,290,000
2027	1,615,000	1,950,000	-	-	1,500,000	-	5,065,000
2028	-	1,955,000	-	-	3,300,000	-	5,255,000
2029	-	1,955,000	-	-	3,450,000	-	5,405,000
2030	-	-	-	-	4,170,000	780,000	4,950,000
2031	-	-	-	-	-	780,000	780,000
2032	-	-	-	-	-	780,000	780,000
2033	-	-	-	-	-	780,000	780,000
2034	-	-	-	-	-	765,000	765,000
2035	-	-	-	-	-	765,000	765,000
2036	-	-	-	-	-	765,000	765,000
2037	-	-	-	-	-	765,000	765,000
2038	-	-	-	-	-	765,000	765,000
2039	-	-	-	-	-	770,000	770,000
2040	-	-	-	-	-	770,000	770,000
Total	<u>\$ 6,875,000</u>	<u>\$ 16,635,000</u>	<u>\$ 2,410,000</u>	<u>\$ 15,000,000</u>	<u>\$ 13,220,000</u>	<u>\$ 8,485,000</u>	<u>\$ 62,625,000</u>
Principal payments due the first day of	May	May	May	May	May	May	
Interest payments due the first day of	May and November	May and November	May and November	May and November	May and November	May and November	
Interest rate	2.25% - 4.00%	5.00%	2.75% - 5.00%	6.05% - 6.15%	2.10% - 2.45%	2.00% - 4.00%	
Original issue	<u>\$ 6,875,000</u>	<u>\$ 23,605,000</u>	<u>\$ 9,005,000</u>	<u>\$ 15,000,000</u>	<u>\$ 13,220,000</u>	<u>\$ 8,485,000</u>	