

**L'ANSE AREA SCHOOLS**

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

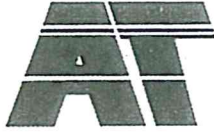
For the Year Ended June 30, 2022

L'ANSE AREA SCHOOLS

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**ANDERSON, TACKMAN & COMPANY, P.L.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

*A Regional Firm with Offices throughout Michigan*

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Education  
L'Anse Area Schools  
L'Anse, Michigan

**Opinion**

We have audited the accompanying financial statements of the governmental activities, each major fund and each fiduciary fund of the L'Anse Area Schools ("District"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and each fiduciary fund information of the District, as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

#### **Other Matters**

##### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule, and supplementary pension and OPEB schedules 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.

##### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.



ANDERSON, TACKMAN & COMPANY, PLC  
Certified Public Accountants  
Iron Mountain, Michigan

November 17, 2022

L'Anse Area Schools  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2022

L'Anse Area Schools' Management Discussion and Analysis is intended to assist the reader to focus on significant financial issues, provide an overview of the District's financial activity, and identify changes in the District's financial position including its ability to address the next and subsequent years' challenges. It also identifies any material deviations from the financial plan and identifies individual fund issues or concerns. This is a requirement of the Governmental Accounting Standards Board (GASB) Statement No. 34 (GASB 34) as amended by GASB Statement No. 63, GASB Statement No. 65, and GASB Statement No. 68 and 75, GASB Statement No. 71 an amendment of GASB Statement No. 68, GASB 84, and GASB 87, and is intended to provide the financial results for the fiscal year ending June 30, 2022.

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

**Basic Financial Statements**

**District-Wide Financial Statements**

**Fund Financial Statements**

Notes to the Basic Financial Statements

*(Required Supplementary Information)*  
(Other than MD&A expanded)

As mentioned, GASB 34, as amended by GASB Statement No. 63 and 65, requires the presentation of two basic types of financial statements: District-Wide Financial Statements and Fund Financial Statements.

**District-Wide Financial Statements**

The District-Wide Financial Statements provide a perspective of the District as a whole. These financial statements use the full accrual basis of accounting similar to private sector companies. There are two District-Wide Financial Statements: the Statement of Net Position and the Statement of Activities.

The Statement of Net Position combines and consolidates governmental funds: current financial resources (short-term available resources) (assets, liabilities, and deferred outflow/inflows of resources) with capital assets and long-term obligations, regardless of their current availability.

Consistent with the full accrual basis method of accounting, the Statement of Activities accounts for current year revenues and expenses regardless of when cash is received or paid. The intent of this statement is to summarize and simplify the user's analysis of the costs of various District services.

L'Anse Area Schools  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2022

The Fund Financial Statements are similar to financial presentations of years past but are focused on the District's Major Funds rather than fund types as in the past. The two Account Groups: General Fixed Assets and General Long-Term Debt are no longer reported. Consistent with previous years, the fund statements are reported using the modified accrual method of accounts. Under this basis of accounting, revenues are recorded when received, except when they are measurable and available and therefore represent resources that may be appropriated. Expenditures are accounted for in the period those goods and services are used in school programs. In addition, capital asset purchases are expensed and not recorded as an asset. Debt payments are recorded as expenditures in the current year, and future debt obligations are not recorded

Fund Financial Statements

Fund types include the General Fund, Food Service Fund, Debt Retirement Fund, Capital Projects Fund, Sinking Fund, Student Activities, and Fiduciary Funds. The General Fund is used primarily to account for the general education requirements of the District. For fiscal year ending June 30, 2022 and 2021 Athletics is combined with General Fund. Its revenues are derived from property taxes, state and federal distributions and grants, and other intergovernmental revenues. The Food Service Fund is used to record food service revenues derived from local, state and federal sources and expenses associated with running the food service program. The Debt Retirement Fund is used to record the funding and payment of principal and interest on bonded debt. The Public Improvement is used to account for financial resources to be used for the acquisition, construction, or improvements of major capital facilities. The Student Activities Funds account for assets held by the District as an agent for various student groups and related activities. The Fiduciary Funds account for assets held by the District in a trustee capacity for various student groups and related activities.

Summary of Net Position

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
<b>Assets:</b>		
Current assets	\$ 4,443,631	\$ 4,449,187
Net capital assets	<u>7,263,248</u>	<u>6,797,127</u>
<b>Total assets</b>	<u>11,706,879</u>	<u>11,246,314</u>
<b>Deferred pension and OPEB outflows</b>	<u>1,938,666</u>	<u>3,243,752</u>
<b>Liabilities:</b>		
Current liabilities	1,258,551	1,234,711
Long term liabilities	<u>11,872,035</u>	<u>18,007,085</u>
<b>Total liabilities</b>	<u>13,130,586</u>	<u>19,241,796</u>
<b>Deferred pension and OPEB inflows</b>	<u>5,268,503</u>	<u>1,715,829</u>
<b>Net Position:</b>		
Invested in capital assets	4,168,173	3,182,599
Restricted	1,035,116	691,833
Unrestricted	<u>(9,956,833)</u>	<u>(10,341,991)</u>
<b>Total Net Position</b>	<u>\$ (4,753,544)</u>	<u>\$ (6,467,559)</u>
<b>Total Net Assets and Liabilities</b>	<u>\$ 8,377,042</u>	<u>\$ 12,774,237</u>

L'Anse Area Schools  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2022

Financial Analysis of the District as a Whole

The School District's net position was \$(4,753,544) at June 30, 2022, compared to \$(6,467,559) at June 30, 2021. Total net position can be separated into three categories: invested in capital assets, restricted assets, and unrestricted assets.

Net capital assets are a combination of funds available for capital assets less accumulated depreciation and related debt. The original cost of capital assets was \$13,912,250 at June 30, 2022, and \$13,123,710 at June 30, 2021. The accumulated depreciation is the accumulation of depreciation expense since acquisition. In accordance with Generally Accepted Accounting Principles (GAAP), depreciation expense is recorded on the original cost of the asset, less any estimated salvage value, expensed over the estimated use life of the assets. Total accumulated depreciation was \$6,649,002 at June 30, 2022, and \$6,326,583 at June 30, 2021. Total debt related to capital assets was \$3,095,075 at June 30, 2022, and \$3,614,528 at June 30, 2021.

Restricted assets by their nature are restricted for use by laws or regulations by the State of Michigan. These funds totaled \$1,035,116 at June 30, 2022, compared to \$691,833 at June 30, 2021.

The remaining balance of unrestricted assets represents a deficit balance of \$(9,956,833) at June 30, 2022, and \$(10,341,991) at June 30, 2021. The deficit balances are a result of GASB Statement No. 68, and GASB 75 effective for fiscal years beginning after June 15, 2014 and June 15, 2017 respectively. Additional information regarding GASB Statement No. 68 and 75 can be found in the audit report under Notes 8 and 9.

The results of this year's operations for the School District as a whole are reported in the Statement of Activities. A summary of the District-Wide results of operations for the years ended June 30, 2022 and June 30, 2021 is as follows on the next page:

L'Anse Area Schools  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2022

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Program revenue		
Charges for services - local and support	\$ 59,962	\$ 77,450
Operating grants - federal, state, and local	<u>1,790,361</u>	<u>1,631,815</u>
 Total program revenue	 <u>1,850,323</u>	 <u>1,709,265</u>
 General revenue		
Property taxes levied for general operations	1,841,690	1,876,528
State revenue sharing	4,904,061	4,547,429
Other - federal, state, and local	<u>263,277</u>	<u>999,176</u>
 Total general revenue	 <u>7,009,028</u>	 <u>7,423,133</u>
 Total revenue	 <u>8,859,351</u>	 <u>9,132,398</u>
 Expenses		
Instruction	3,916,390	4,305,135
Support services	2,198,566	2,923,874
School services	574,581	382,862
Interest and fees on long term debt	62,440	72,419
Depreciation Expense	<u>393,359</u>	<u>374,801</u>
 Total expenses	 <u>7,145,336</u>	 <u>8,059,091</u>
 Change in net position	 1,714,015	 1,073,307
 Net Position July 1	 <u>(6,467,559)</u>	 <u>(7,540,866)</u>
 Net Position June 30	 <u>\$ (4,753,544)</u>	 <u>\$ (6,467,559)</u>



L'Anse Area Schools  
 Management Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2022

**GOVERNMENTAL FUNDS FINANCIAL HIGHLIGHTS**

The overall condition of the governmental funds has decreased during June 30, 2022 and increased during June 30, 2021. In the General Fund, the excess of expenditures over revenues totaled \$(359,886) during fiscal year 2022, and the excess of revenues over expenditures totaled \$995,932 during fiscal year 2021. The primary factors that contributed to the difference from fiscal year 2021 to fiscal year 2022 were decreases in federal revenues.

**MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS**

The District's budgets are prepared according to Michigan law and are initially adopted prior to July 1 of each year, before student enrollment counts are known. Therefore, it is expected that there will be changes between the initial budget and subsequent budgets, as actual enrollments are known. The most significant fund budgeted is the General Fund operations. The General Fund operating budget was amended monthly during fiscal year 2022.

General Fund Operations

In the General Fund operations, the actual revenue for fiscal year June 30, 2022 was \$7,272,512. This is above the original budget of \$6,685,139 and below the final budget of \$7,287,153 - a variance of .2%. The actual expenditures of the general fund for fiscal year June 30, 2022 operations were \$7,050,148. This is above the original budget of \$6,939,493 and above the final budget of \$6,983,611 - a variance of .9%.

GOVERNMENTAL FUND EXPENDITURES

Below is a summary of the governmental fund expenditures and their percentages as they relate to total governmental funds:

	Total Expenditures June 30, 2022	Percentage	Total Expenditures June 30, 2021	Percentage
General Fund	\$ 7,050,148	80.71%	\$ 6,742,566	85.43%
Debt Service Fund	475,069	5.44%	474,046	6.01%
Capital Projects	732,592	8.39%	227,434	2.88%
Special Revenue	477,026	5.46%	448,069	5.68%
<b>Total Expenditures</b>	<b>\$ 8,734,835</b>	<b>100.00%</b>	<b>\$ 7,892,115</b>	<b>100.00%</b>

L'Anse Area Schools  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2022

TOTAL REVENUES

Below is a summary of the governmental fund revenues and their percentages as they relate to governmental funds.

	Total Revenue June 30, 2022	Percentage	Total Revenue June 30, 2021	Percentage
State revenue sharing	\$ 4,904,061	52.43%	\$ 4,574,533	50.66%
Prop taxes general operation	1,289,729	13.79%	1,308,378	14.49%
Operating grants federal, state, and local	1,790,361	19.14%	1,631,815	18.07%
Prop taxes debt retirement	411,697	4.40%	424,598	4.70%
Prop taxes sinking fund	140,264	1.50%	143,552	1.59%
Other local sources	323,239	3.46%	325,010	3.60%
Transfers in	494,890	5.29%	621,256	6.88%
<b>Total Revenues</b>	<b>\$ 9,354,241</b>	<b>100.00%</b>	<b>\$ 9,029,142</b>	<b>100.00%</b>

Unrestricted State Aid

The District is predominately funded by State Aid based on a blended count formula that the State of Michigan utilizes. State revenues to the District have decreased due to property tax increases as compared to enrollment figures from the previous year. State aid blended membership was 575.03 for fiscal year June 30, 2022 and 593.63 for fiscal year June 30, 2021.

Property Taxes

The District levied 18 mills of property taxes on all Non-Homestead property located within the District for General Fund operations. The levy is assessed on the taxable value of the property. The increase in taxable value is limited to the lesser of the inflation rate of the prior year or 5%. When a property is sold, the taxable valuation of the sold property is readjusted to the State Equalized Value, which is approximately 50% of market value.

The District 2.90 mills of property taxes on all classes of property located within the District for bonded debt retirement. The levy is not subject to rollback provisions and is used to pay the principal and interest on bond obligations.

The District levied 1.00 mills of property taxes on all classes of property located within the District for sinking fund projects. The levy is not subject to rollback provisions and is used to pay for projects allowable under the provisions of §1351a of the Revised School Code.

L'Anse Area Schools  
 Management Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2022

Operating Grants Federal, State, and Local

The primary sources are the Federal Title I/II/IV-Part A Programs, the State funded At Risk Program and the Special Education Obligation funds required under the Headlee Amendment, State of Michigan legislation. Both Title I-Part A and At-Risk Programs assist students who are deemed to be at risk in the instruction process. For the 2021-2022 fiscal year, the District has utilized \$184,789 and \$260,366 for the Title I/II/IV-Part A and the State At-Risk programs. For fiscal year 2022 the State, under the Headlee amendment, is obligated to remit to the District \$15,428.

ENROLLMENT

The District's 2021-2022 State aid blended membership enrollments was 575.03. This is a decrease of 18.6 full-time equivalent students from the previous year. L'Anse Area Schools is located in Michigan's Upper Peninsula. The area has experienced economic downturn in previous years and has remained stagnant. As a result of this, more families are leaving the area. The county continues to experience declining birth rates from previous years. The decrease in enrollment is due to families moving out of the area.

Enrollment changes over the last ten years can be illustrated as follows:

<u>Fiscal Year</u>	<u>Student Enrollment (FTE)</u>	<u>Increase (Decrease) in Student Membership (FTE)</u>
2022	575	(7)
2021	582	(24)
2020	606	(16)
2019	622	(17)
2018	639	(14)
2017	653	(11)
2016	664	(10)
2015	674	(21)
2014	695	(23)
2013	718	(17)

Student enrollment is important to the financial health of the District because state funding is based on a per pupil formula.

L'Anse Area Schools  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2022

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year 2022, the District had \$13,912,250 invested in land and building, furniture and equipment, vehicles and buses compared to \$13,123,710 at June 30, 2021. Of this amount, \$6,649,002 and \$6,326,583 has been depreciated at June 30, 2022 and June 30, 2021 respectively. Net book value totaled \$7,263,248 at June 30, 2022, and \$6,797,127 at June 30, 2021. Due to budget constraints related to the State of Michigan financial status, the ability to maintain these buildings is becoming increasingly difficult. The millage approved by taxpayers for the Sinking Fund has helped with the difficulty of maintaining buildings and technology in the District. The District maintains a \$3,000 threshold for capitalization of assets.

Outstanding Debt at Year End

As of June 30, 2022, the District had \$3,095,075 in bonds outstanding, compared to \$3,614,528 at June 30, 2021. The District collects bonded debt across the total property values. Therefore, total growth in valuation is an important element in determining the District's ability to retire bonded debt and/or to incur additional bond debt.

For more detailed information regarding capital assets and debt administration, please review the Notes to the Basic Financial Statements located in the financial section of this report.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This report is designed to give an overview of the financial conditions of the L'Anse Area Schools. For additional detailed financial information contact:

Andrea Olsen  
Business Manager  
L'Anse Area Schools  
201 North 4<sup>th</sup> Street  
L'Anse, MI 49946  
Office Telephone (906) 524-6000

L'ANSE AREA SCHOOLS  
STATEMENT OF NET POSITION

June 30, 2022

	Governmental Activities
<b>ASSETS:</b>	
Current assets:	
Cash and equivalents	\$ 1,644,458
Investments	1,571,280
Accounts receivable	12,388
Inventory	50,312
Prepaid expenses	4,915
Due from other governments	1,160,278
Total current assets	4,443,631
Noncurrent assets:	
Capital assets	13,912,250
Accumulated depreciation	(6,649,002)
Total noncurrent assets	7,263,248
TOTAL ASSETS	11,706,879
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Pension outflows	1,381,962
Other post employment benefits outflows	556,704
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,938,666
<b>LIABILITIES:</b>	
Current liabilities:	
Accounts payable	62,187
Accrued interest	14,471
Accrued expenses	559,327
Unearned revenues	91,659
Bonds payable	530,907
Total current liabilities	1,258,551
Noncurrent liabilities:	
Compensated absences	161,393
Bonds payable	2,564,168
Net other post employment benefits liability	549,139
Net pension liability	8,597,335
Total noncurrent liabilities	11,872,035
TOTAL LIABILITIES	13,130,586
<b>DEFERRED INFLOWS OF RESOURCES:</b>	
Pension inflows	3,077,340
Other post employment benefits inflows	2,191,163
TOTAL DEFERRED INFLOWS OF RESOURCES	5,268,503
<b>NET POSITION:</b>	
Net investment in capital assets	4,168,173
Restricted	1,035,116
Unrestricted	(9,956,833)
TOTAL NET POSITION	\$ (4,753,544)

The accompanying notes to the financial statements are an integral part of this statement.





**L'ANSE AREA SCHOOLS**  
**STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2022

	Program Revenue			Net (Expense) Revenue and Change in Net Position
Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government  Governmental Activities
<b>FUNCTIONS/PROGRAMS</b> <b>PRIMARY GOVERNMENT:</b> Governmental Activities: Instruction Support School service Depreciation Debt interest, fees and expenses  <b>TOTAL PRIMARY GOVERNMENT</b>	\$ (3,916,390) (2,198,566) (574,581) (393,359) (62,440)	\$ 945,588 - 437,657 - -	\$ - 407,116 - - -	\$ (2,970,802) (1,791,450) (76,962) (393,359) (62,440)
	<b>(7,145,336)</b>	<b>1,383,245</b>	<b>407,116</b>	<b>(5,295,013)</b>
General revenues: Property taxes State revenue sharing Unrestricted investment earnings Other  Total general revenues and transfers  Change in net position  Net position, beginning of year  Net position, end of year				\$ 1,841,690 4,904,061 3,981 259,296  7,009,028  1,714,015  (6,467,559)  \$ (4,753,544)

The accompanying notes to the financial statements are an integral part of this statement.

L'ANSE AREA SCHOOLS

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

June 30, 2022

	<u>General</u>	<u>Debt Service</u>
<b>ASSETS:</b>		
Cash and equivalents	\$ 698,048	\$ 160,184
Investments	1,571,280	-
Accounts receivable	-	-
Inventory	36,283	-
Prepaid expenses	4,545	-
Due from other funds	449,387	-
Due from other governments	985,007	-
<b>TOTAL ASSETS</b>	<u>\$ 3,744,550</u>	<u>\$ 160,184</u>
<b>LIABILITIES:</b>		
Accounts payable	\$ 34,187	\$ -
Due to other funds	383,728	-
Accrued expenses	232,961	-
Salaries payable and related items	320,702	-
Unearned revenue	91,659	-
<b>TOTAL LIABILITIES</b>	<u>1,063,237</u>	<u>-</u>
<b>FUND BALANCE AND OTHER CREDITS:</b>		
Fund balances:		
Restricted	-	160,184
Nonspendable	36,283	-
Unassigned	2,645,030	-
<b>TOTAL FUND BALANCE AND OTHER CREDITS</b>	<u>2,681,313</u>	<u>160,184</u>
<b>TOTAL LIABILITIES, FUND BALANCE AND OTHER</b>	<u>\$ 3,744,550</u>	<u>\$ 160,184</u>



**ANDERSON, TACKMAN  
& COMPANY, P.L.C.**  
CERTIFIED PUBLIC ACCOUNTANTS



Capital Projects		Special Revenue		Total
Sinking Fund	Capital Projects	Food Service	Student Activities	Governmental Funds
\$ 258,935	\$ 335,769	\$ 141,448	\$ 50,074	\$ 1,644,458
-	-	-	-	1,571,280
-	-	12,388	-	12,388
-	-	14,029	-	50,312
-	-	370	-	4,915
-	103,250	-	-	552,637
-	163,865	11,406	-	1,160,278
<u>\$ 258,935</u>	<u>\$ 602,884</u>	<u>\$ 179,641</u>	<u>\$ 50,074</u>	<u>\$ 4,996,268</u>
\$ -	\$ 28,000	\$ -	\$ -	\$ 62,187
158,000	-	10,909	-	552,637
-	-	-	-	232,961
-	-	5,664	-	326,366
-	-	-	-	91,659
<u>158,000</u>	<u>28,000</u>	<u>16,573</u>	<u>-</u>	<u>1,265,810</u>
100,935	574,884	149,039	50,074	1,035,116
-	-	14,029	-	50,312
-	-	-	-	2,645,030
<u>100,935</u>	<u>574,884</u>	<u>163,068</u>	<u>50,074</u>	<u>3,730,458</u>
<u>\$ 258,935</u>	<u>\$ 602,884</u>	<u>\$ 179,641</u>	<u>\$ 50,074</u>	<u>\$ 4,996,268</u>

The accompanying notes to the financial statements are an integral part of this statement.



L'ANSE AREA SCHOOLS

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION**

For the Year Ended June 30, 2022

Total fund balances for governmental funds \$ 3,730,458

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Total capital assets	\$ 13,912,250	
Accumulated depreciation	<u>(6,649,002)</u>	
Net capital assets		7,263,248

Deferred outflows of resources and deferred inflows of resources related to pensions (including other post employment benefits - OPEB) are not financial resources and therefore are not reported in the funds. Those resources consist of:

Deferred outflows of pension and OPEB resources	1,938,666	
Deferred inflows of pension and OPEB resources	<u>(5,268,503)</u>	
Net deferred pension sources		(3,329,837)

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position.

Accrued interest on long-term debt		(14,471)
Bonds payable	(3,095,075)	
Compensated absences	(161,393)	
Net OPEB liability	(549,139)	
Net pension liability	<u>(8,597,335)</u>	<u>(12,402,942)</u>
Total net position of governmental activities		<u>\$ (4,753,544)</u>



L'ANSE AREA SCHOOLS

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2022

REVENUES:	General	Debt Service
Local sources	\$ 1,455,777	\$ 449,571
State sources	4,871,147	-
Federal sources	945,588	-
<b>TOTAL REVENUES</b>	<b>7,272,512</b>	<b>449,571</b>
<b>EXPENDITURES:</b>		
Instruction:		
Current	4,271,963	-
Supporting services:		
Current	2,624,431	-
Capital outlay	-	-
Debt service	-	475,069
School service activities	153,754	-
<b>TOTAL EXPENDITURES</b>	<b>7,050,148</b>	<b>475,069</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>222,364</b>	<b>(25,498)</b>
<b>OTHER FINANCING SOURCES (USES):</b>		
Payments received from other governmental units	16,538	-
Transfers in	19,500	-
Other sources	2,189	-
Other uses	(145,087)	-
Transfers out	(475,390)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(582,250)</b>	<b>-</b>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>(359,886)</b>	<b>(25,498)</b>
<b>FUND BALANCE, JULY 1</b>	<b>3,041,199</b>	<b>185,682</b>
<b>FUND BALANCE, JUNE 30</b>	<b>\$ 2,681,313</b>	<b>\$ 160,184</b>



**ANDERSON, TACKMAN  
& COMPANY, P.L.C.**  
CERTIFIED PUBLIC ACCOUNTANTS



Capital Projects		Special Revenue		Total
Sinking Fund	Capital Projects	Food Service	Student Activities	Governmental Funds
\$ 142,149	\$ 20,478	\$ 32,093	\$ 46,134	\$ 2,146,202
-	-	32,914	-	4,904,061
-	407,116	437,657	-	1,790,361
<u>142,149</u>	<u>427,594</u>	<u>502,664</u>	<u>46,134</u>	<u>8,840,624</u>
-	-	-	-	4,271,963
-	-	-	-	2,624,431
164,591	568,001	-	-	732,592
-	-	-	-	475,069
-	-	434,925	42,101	630,780
<u>164,591</u>	<u>568,001</u>	<u>434,925</u>	<u>42,101</u>	<u>8,734,835</u>
<u>(22,442)</u>	<u>(140,407)</u>	<u>67,739</u>	<u>4,033</u>	<u>105,789</u>
-	-	-	-	16,538
-	472,000	3,390	-	494,890
-	-	-	-	2,189
-	-	-	-	(145,087)
-	-	(19,500)	-	(494,890)
<u>-</u>	<u>472,000</u>	<u>(16,110)</u>	<u>-</u>	<u>(126,360)</u>
(22,442)	331,593	51,629	4,033	(20,571)
<u>123,377</u>	<u>243,291</u>	<u>111,439</u>	<u>46,041</u>	<u>3,751,029</u>
<u>\$ 100,935</u>	<u>\$ 574,884</u>	<u>\$ 163,068</u>	<u>\$ 50,074</u>	<u>\$ 3,730,458</u>

The accompanying notes to the financial statements are an integral part of this statement.

L'ANSE AREA SCHOOLS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION**

For the Year Ended June 30, 2022

Net changes in fund balances - total governmental funds	\$ (20,571)
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The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is capitalized and the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay \$866,380 exceeded depreciation expense (\$393,359) net of deletions.	466,121
---	---------

The change in net deferred outflow/inflows and pension and OPEB liability is not recorded in the governmental funds. However, in the statement of activities this change is recognized as an adjustment to instruction, support and community service expenses as it relates to	749,316
---	---------

Bond and loan proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, 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.

Principal repayments: Bond principal	519,453
---	---------

Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the following net changes:

Compensated absences	(2,933)
Accrued interest	<u>2,629</u>
Changes in net position of governmental activities	<u>\$ 1,714,015</u>



L'ANSE AREA SCHOOLS

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS**

June 30, 2022

	<u>Expendable Trust Fund</u>
	<u>Scholarships</u>
ASSETS:	
Cash & Investments	<u>\$ 136,121</u>
TOTAL ASSETS	136,121
LIABILITIES:	
Due to student groups	<u>241,371</u>
NET POSITION:	
Reserved	<u><u>\$ (105,250)</u></u>

ANDERSON, TACKMAN  
& COMPANY, P.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS



The accompanying notes to the financial statements are an integral part of this statement.

L'ANSE AREA SCHOOLS

**CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS**

For the Year Ended June 30, 2022

	<u>Expendable Trust Fund Scholarships</u>
ADDITIONS:	
Interest and contributions	<u>\$ 50,283</u>
TOTAL ADDITIONS	<u>50,283</u>
DEDUCTIONS:	
Scholarships / Charges	<u>157,750</u>
TOTAL DEDUCTIONS	<u>157,750</u>
Change in net position	(107,467)
NET POSITION:	
BEGINNING OF YEAR	<u>2,217</u>
NET POSITION:	
END OF YEAR	<u>\$ (105,250)</u>

ANDERSON, TACKMAN  
& COMPANY, P.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS



The accompanying notes to the financial statements are an integral part of this statement.

## L'ANSE AREA SCHOOLS

### NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2022

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the L'Anse Area Schools ("District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units, as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the District are described below:

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Certain of the significant changes in the statement include the following:

A Management's Discussion and Analysis section providing an analysis of the District's overall financial position and results of operations.

Financial statements prepared using full accrual accounting for all the District's activities.

A change in the fund financial statements to focus on the major funds.

Effective for periods beginning after December 15, 2011, GASB Statement No. 63, effective for periods after December 15, 2012, GASB 65 amends Statement No. 34, and effective for periods beginning after June 15, 2015, GASB Statement No. 68 an amendment of GASB Statement No. 27, and GASB Statement No. 71 an amendment of GASB Statement No. 68. Statement No. 63 and No. 65 establish standards for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. Statements No. 68, 71 and 75 establish standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expense/expenditures for defined benefit pension plans and Other Post-Employment Benefits. Effective for periods beginning after December 15, 2019, GASB Statement No. 84 establishes standards for reporting fiduciary activities. GASB Statement No. 87, effective for periods beginning after June 15, 2021, establishes lease reporting standards.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The District has elected to implement the provisions of the Statements.

#### A. Reporting Entity

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP, currently GASB Statement No. 14, *The Financial Reporting Entity* and as amended by GASB Statement No. 61.

The criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity's financial statements include budget adoption, taxing authority, funding, appointment of the respective governing board, and scope of public service.



## L'ANSE AREA SCHOOLS

### NOTES TO FINANCIAL STATEMENTS For the Year Ended June 30, 2022 (Continued)

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Based on the foregoing criteria, it has been determined that there are no component units of the L'Anse Area Schools.

#### B. Basic Financial Statements – Government-Wide Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). The government-wide financial statements categorize primary activities as either governmental or business type. All of the District's activities are classified as governmental activities.

In the government-wide Statement of Net Position, both the governmental activities column (a) is presented on a consolidated basis, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts – net investment in capital assets; restricted; and unrestricted.

The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.). 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 District does allocate indirect costs. In creating the government-wide financial statements the District has eliminated interfund transactions.

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

#### C. Pension

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





L'ANSE AREA SCHOOLS

**NOTES TO FINANCIAL STATEMENTS**

For the Year Ended June 30, 2022

(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Basic Financial Statements – Fund Financial Statements**

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped into generic fund types in two broad fund categories as follows:

Governmental Funds – Governmental funds are used to account for the acquisition, use and balances of expendable financial resources and the related current liabilities, except for those accounted for in fiduciary funds. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting.

General Fund – The General Fund is the primary operating fund of the District. It is used to account for all financial transactions of the District, except those required to be accounted for in other funds.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or capital projects) that are legally restricted to expenditures for specified purposes. The District uses the Special Revenue Fund to account for the L'Anse Area Schools' activity.

Debt Service Funds – Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Project Funds – Capital Project Funds are used to account for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Fiduciary Funds – Fiduciary Fund types are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, and / or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District has one Fiduciary Fund, the Scholarship Trust Fund.



L'ANSE AREA SCHOOLS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2022

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basic Financial Statements – Fund Financial Statements (Continued)

Account Groups – Account groups are used to establish accounting control and accountability for the District's general fixed assets and long-term obligations. The following are the District's account groups:

General Fixed Assets – This group of accounts was established to account for all general fixed assets of the District.

General Long-Term Obligations – This group of accounts has been established to account for unmatured general long-term obligations and certain other liabilities of the District not expected to be liquidated through the use of available expendable financial resources.

E. Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus. The governmental-wide statement uses the economic resources measurement focus.

Accrual

Governmental activity in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available (susceptible to accrual). "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers property taxes as available if they are collected within 60 days after the year end. A one-year period is used for revenue recognition for all other governmental fund revenues. Those revenues prone to accrual are property taxes, federal aid, interest-revenue, and charges for services.



L'ANSE AREA SCHOOLS

**NOTES TO FINANCIAL STATEMENTS**

For the Year Ended June 30, 2022

(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

E. Measurement Focus and Basis of Accounting (Continued)

The District reports deferred revenue on its governmental fund balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

State Foundation Revenue - For the fiscal year ended June 30, 2022, the State of Michigan adopted a foundation grant approach which provides for a specific annual amount of revenue per student based on a state-wide formula. In previous years, the state utilized a district power equalizing approach. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2022, the foundation allowance was based on 10% of the pupil membership count taken in February of 2021 and 90% taken in October of 2021.

Expenditures and related liabilities are recognized when obligations are incurred as a result of the receipt of goods and services. Modifications include:

Principal and interest on general long-term debt are recorded as fund liabilities when due, or when amounts have been accumulated in the debt service fund for payments of principal and interest to be made early in the following year.

F. Cash and Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition. Cash and equivalent balances for individual funds are pooled unless maintained in segregated accounts.

G. Interfund Balances and Transfers

The current portion of lending/borrowing arrangements between funds are identified as "due to/from other funds". The non-current portion of outstanding balances between funds are reported as "advances to/from other funds". Advances between funds are offset by a fund balance reserve account to indicate that they are not available for appropriation and are not expendable available financial resources.

Transfers represent a flow of assets without equivalent flows of assets in return or a requirement for repayment.



L'ANSE AREA SCHOOLS

**NOTES TO FINANCIAL STATEMENTS**

For the Year Ended June 30, 2022

(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

H. Inventories and Prepaid Items

Inventories are valued at the lower of cost (first-in, first-out) or net realizable value. Inventories in the Special Revenue Fund consisting of expendable supplies held for consumption, are recorded as expenditures when consumed rather than when purchased. Inventories for commodities are recorded as revenue when utilized. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

I. Capital Assets

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated fixed assets are valued at their estimated fair market value on the date received.

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

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Buildings and additions	20-50 years
Buses and other vehicles	5-10 years
Furniture and other equipment	5-10 years

The District has adopted a capitalization policy of \$3,000.

J. Long-Term Debt

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group.

K. Compensated Absences

Amounts representing accumulated vacation and personal leave expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the government fund that will pay it.



L'ANSE AREA SCHOOLS

**NOTES TO FINANCIAL STATEMENTS**

For the Year Ended June 30, 2022

(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

L. Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied as of December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due dates are February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity. School District property tax revenues are recognized as revenue when levied to the extent they result in current receivables (collected within sixty days after year end). Amounts received subsequent to August 31 are recognized as revenue when collected.

The District, along with certain other governmental units, is permitted by the Constitution of the State of Michigan of 1963 to levy combined taxes up to \$50 per \$1,000 of assessed valuation for general governmental services other than the payment of Debt Service Fund expenses if approved by a majority of the electors. The District must include certain tax levies of other governmental units located within the District, primarily the county, when determining the maximum millage of \$50 per \$1,000 of assessed valuation. For the year ended June 30, 2022, the District levied the following amounts per \$1,000 of assessed valuation:

<u>Fund Mills</u>	
General Fund - Non-Homestead	18.00
Debt Retirement	2.90
Capital Projects	1.00

M. Unemployment Insurance

The District reimburses the Unemployment Insurance Agency (UIA) for the actual amount of unemployment benefits disbursed by the UIA on behalf of the District. Billings received for amounts paid by the UIA through June 30 are accrued.

N. Fund Balance

Nonspendable fund balances represent amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The restricted fund balances for governmental funds represent the amount that has been legally identified for specific purposes. Committed fund balance, if any, is reported from amounts that can be used for specific purposes pursuant to constraints imposed by formal action by the government's highest level of decision-making authority, the Board of Education. A formal resolution of the Board of Education is required to establish, modify, or rescind a fund balance commitment. Assigned fund balances represent amounts set aside by the governing body for specific purposes, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Manager under the authorization of the Board of Education. The unassigned fund balances for governmental funds represent the amount available for budgeting future operations.



L'ANSE AREA SCHOOLS

**NOTES TO FINANCIAL STATEMENTS**

For the Year Ended June 30, 2022

(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

O. Budgets

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at fiscal year-end. The District follows these procedures in establishing the budgetary date reflected in the financial statements:

1. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1<sup>st</sup>. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budget is at the functional level as set forth in the combined statement of revenues, expenditures and changes in fund balances - budget and actual - all governmental fund types.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1<sup>st</sup>, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated, or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred unless authorized in the budget, or in excess of the amount appropriated. Any material expenditures in violation of the budgeting act are disclosed in the footnotes.
4. The Superintendent is authorized to transfer budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.
5. Formal budgetary integration is employed as a management control device during the year for the general fund.
6. The budget as presented, has been amended. Supplemental appropriations were made during the year with the last one approved on 6/20/2022.

The budget for the year ended June 30, 2022 was adopted on June 21, 2021 and formally amended at each monthly board of education meeting.

A comparison of actual results of operations to the budgeted amounts (at the level of control adopted by the Board of Education) for the General Fund is presented as Required Supplementary Information.



L'ANSE AREA SCHOOLS

**NOTES TO FINANCIAL STATEMENTS**

For the Year Ended June 30, 2022

(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**P. Subsequent Events**

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through November 17, 2022, which is the date the financial statements were available to be issued.

**Q. Other Post-Employment Benefits:**

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 Systems (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported to MPERS. For this purpose, benefit payments (including refunds or employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**NOTE 2 - CASH AND INVESTMENTS**

Cash and Equivalents

The District's cash and equivalents, as reported in the Statement of Net Position, consisted of the following:

Checking accounts	\$ 847,279
Savings accounts	<u>797,179</u>
<b>TOTAL</b>	<b><u>\$ 1,644,458</u></b>

*Custodial Credit Risk.* Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. State law does not require, and the District does not have, a policy for deposit custodial credit risk. As of June 30, 2022, the District held cash and equivalents in the amount of \$2,184,795, of which \$750,000 was insured through the FDIC and \$1,434,795 was uninsured and uncollateralized.

Investments

MILAF	<u>\$1,571,280</u>
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The District voluntarily invests certain excess funds in external pooled investment funds which included money market funds. One of the pooled investment funds utilized by the District is the Michigan Investment Liquid Asset Fund (MILAF). MILAF is an external pooled investment fund of "qualified" investments for Michigan School districts. MILAF is not regulated nor is it registered with the SEC. MILAF reports as of June 30, 2022, the fair value of the District's investments is the same as the value of the pool shares.



L'ANSE AREA SCHOOLS

**NOTES TO FINANCIAL STATEMENTS**

For the Year Ended June 30, 2022

(Continued)

**NOTE 2 - CASH AND INVESTMENTS (Continued)**

MILAF funds are considered external investment pools as defined by the GASB and as such are recorded at amortized cost which approximate fair value. The MILAF fund requires notification of redemptions prior to 14 days to avoid penalties. These funds are not subject to fair value disclosures.

Michigan statutes authorize the District to invest in bonds, other direct obligations and repurchase agreements of the United States, certificates of deposits, savings accounts, deposit accounts or receipts of a bank which is a member of the FDIC, commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures within 270 days of date of purchase, bankers' acceptances of United States banks, obligations of the State of Michigan and its political subdivisions, external investment pools, and certain mutual funds.

Investments are recorded at fair market value, which is based on quoted market prices.

*Custodial Credit Risk.* Custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the District's investments. The District's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District's investments are not subject to interest rate risk.

**NOTE 3 - CAPITAL ASSETS**

A summary of changes in capital assets for the year ended June 30, 2022 follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
<i>Assets not subject to depreciation</i>				
Land	\$ 89,510	\$ -	\$ -	\$ 89,510
<i>Assets subject to depreciation</i>				
Land improvements	1,800,412	127,251	-	1,927,663
Buildings & improvements	9,798,662	637,417	-	10,436,079
Equipment & vehicles	1,326,981	101,712	(77,840)	1,350,853
Other assets	108,145	-	-	108,145
<b>TOTALS</b>	13,123,710	<u>\$ 866,380</u>	<u>\$ (77,840)</u>	13,912,250
Accumulated depreciation	<u>(6,326,583)</u>	<u>\$ (393,359)</u>	<u>\$ 70,940</u>	<u>(6,649,002)</u>
Net capital assets	<u>\$ 6,797,127</u>			<u>\$ 7,263,248</u>





**L'ANSE AREA SCHOOLS**

**NOTES TO FINANCIAL STATEMENTS**

For the Year Ended June 30, 2022

(Continued)

**NOTE 3 - CAPITAL ASSETS (Continued)**

Depreciation for the year ended June 30, 2022 amounts to \$393,359. The District determined that it was impractical to allocate depreciation to various government activities as the assets serve multiple functions.

**NOTE 4 – INTER-FUND RECEIVABLES, PAYABLES, AND TRANSFERS**

Amounts due from (to) other funds represent the balance of monies due from or to other funds for expenditures made or fund balance transfers approved. The amounts of inter-fund receivables and payables as of June 30, 2022 are as follows:

<u>Fund</u>	<u>Inter-Fund Receivable</u>	<u>Fund</u>	<u>Inter-Fund Payable</u>
General Fund	\$ 169,523	General fund	\$ 103,250
Capital Projects	<u>103,250</u>	Food Service	11,523
		Sinking Fund	<u>158,000</u>
Total	<u>\$ 272,773</u>		<u>\$ 272,773</u>
<u>Fund</u>	<u>Transfer In</u>	<u>Fund</u>	<u>Transfer Out</u>
General Fund	\$ 16,110	General fund	\$ 472,000
Capital projects fund	<u>472,000</u>	Food Service	<u>16,110</u>
Total	<u>\$ 488,110</u>		<u>\$ 488,110</u>

**NOTE 5 - LONG-TERM OBLIGATIONS**

Long-term obligations at June 30, 2022 are comprised of the following amounts:

1. 2016 Refunding Bonds due in annual installments ranging from \$400,000 - \$435,000 through May 1, 2027 with interest of 2.00% - 2.50%.	\$ 2,585,000
2. 2011 School Improvement Bonds due in annual installments ranging from \$143,369 - \$146,629 through May 1, 2026 with interest of 5.55%.	510,075
3. Vested sick and vacation pay	161,393
4. Net pension liability	8,597,335
5. Net OPEB liability	<u>549,139</u>
Total Long-Term Obligations	<u>12,402,942</u>



**L'ANSE AREA SCHOOLS**

**NOTES TO FINANCIAL STATEMENTS**

For the Year Ended June 30, 2022

(Continued)

**NOTE 6 - BONDS AND NOTES PAYABLE**

During the year ended June 30, 2022, the following changes occurred in long-term obligations:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Amounts Due Within One Year
General Obligation Bonds	\$ 3,614,528	\$ -	\$ (519,453)	\$ 3,095,075	\$ 530,907
Employee Benefits:					
Vested Sick and Vacation	158,460	2,933	-	161,393	-
Net Pension Liability	12,784,417	-	(4,187,082)	8,597,335	-
Net OPEB Liability	1,969,133	-	(1,419,994)	549,139	-
<b>TOTALS</b>	<b>\$ 18,526,538</b>	<b>\$ 2,933</b>	<b>\$ (6,126,529)</b>	<b>\$ 12,402,942</b>	<b>\$ 530,907</b>

The annual requirements to amortize long-term obligations outstanding as of June 30, 2022 are as follows:

Year Ended June 30	Bond Issues and Installment Notes	Teachers Vested Sick and Vacation	Pension & OPEB Liability	Total
	Principal	Interest		
2023	\$ 530,907	\$ 80,009	\$ -	\$ 610,916
2024	548,625	65,276	-	613,901
2025	566,625	49,915	-	616,540
2026	578,918	33,910	-	612,828
2027	435,000	17,400	-	452,400
Thereafter	435,000	10,876	161,393	9,753,743
<b>TOTALS</b>	<b>\$ 3,095,075</b>	<b>\$ 257,386</b>	<b>\$ 161,393</b>	<b>\$ 12,660,328</b>

Interest expense for the year ended June 30, 2022 was \$98,634.



L'ANSE AREA SCHOOLS

**NOTES TO FINANCIAL STATEMENTS**

For the Year Ended June 30, 2022

(Continued)

**NOTE 7 - FUND BALANCES**

Portions of fund balances are restricted, non-spendable, or assigned and not available for general purposes other than fund usage as follows:

General Fund – Non-spendable inventory	<u>\$36,283</u>
Debt Service – Restricted for debt service	<u>\$160,184</u>
Food Service – Non-spendable inventory	<u>\$14,029</u>
Restricted for food service	<u>\$149,039</u>
Capital Projects – Restricted for capital improvements	<u>\$675,819</u>
Student Activities – Restricted for student activities	<u>\$50,074</u>

**NOTE 8 - EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT 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.

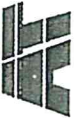
The System's pension plan was established by the State to provide retirement, survivor and disability benefits to public school employees. In addition, the System's health plan provides all retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan 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 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 for 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.



L'ANSE AREA SCHOOLS

**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2022  
(Continued)

**NOTE 8 - EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PLAN (CONTINUED)**

**Benefits Provided (continued)**

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

**Contributions**

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2020 valuation will be amortized over a 18-year beginning October 1, 2020 and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for fiscal year ended September 30, 2021.

Pension Contribution Rates		
Benefit Structure	Member	Employer
Basic	0.0 - 4.0%	19.78%
Member Investment Plan	3.0 - 7.0%	19.78%
Pension Plus	3.0 - 6.4%	16.82%
Pension Plus 2	6.2%	19.59%
Defined Contribution	0.0%	13.39%

Required contributions to the pension plan from the District were \$1,090,353 for the year ended September 30, 2021.



**L'ANSE AREA SCHOOLS**

**NOTES TO FINANCIAL STATEMENTS**

For the Year Ended June 30, 2022

(Continued)

**NOTE 8 - EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PLAN (Continued)**

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

At June 30, 2022, the District reported a liability of \$8,597,335 for its proportionate share of the MPERS net pension liability. The net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2020. The 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, 2021, the District's proportion was .03631335 percent, which was an increase of .00159001 percent from its proportion measured as of September 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$858,563. At June 30, 2022, the 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
Differences between actual and expected experience	\$133,176	\$50,628
Changes of Assumptions	541,945	-
Net difference between projected and actual earnings on pension plan investments	-	2,764,016
Changes in proportion and differences between Employer contributions and proportionate share of contributions	11,255	262,696
Employer contributions subsequent to the measurement date	695,586	-
Total	<u>\$1,381,962</u>	<u>\$3,077,340</u>



**L'ANSE AREA SCHOOLS**

**NOTES TO FINANCIAL STATEMENTS**

For the Year Ended June 30, 2022

(Continued)

**NOTE 8 - EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PLAN (Continued)**

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

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, 2022. Other amounts as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as reported in the table on the following page:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future Pension Expenses)	
Year Ending September 30	Amount
2022	\$368,591
2023	(\$552,722)
2024	(\$737,278)
2025	(\$773,969)

**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 on the next page.



**L'ANSE AREA SCHOOLS**

**NOTES TO FINANCIAL STATEMENTS**

For the Year Ended June 30, 2022

(Continued)

**NOTE 8 - EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PLAN (Continued)**

**Actuarial Assumptions (Continued)**

**Summary of Actuarial Assumptions**

Valuation Date:	September 30, 2020
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	
- MIP and Basic Plans (Non-Hybrid):	6.80% net of investment expenses
- Pension Plus Plan:	6.80% net of investment expenses
- Pension Plus 2 Plan:	6.0% net of investment expenses
Projected Salary Increases:	2.75-11.55%, including wage inflation at 2.75%
Cost-of-Living Pension Adjustments:	3% Annual Non-Compounded for MIP Members
Mortality: Retirees:	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Active Members:	P-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.



L'ANSE AREA SCHOOLS

**NOTES TO FINANCIAL STATEMENTS**

For the Year Ended June 30, 2022

(Continued)

**NOTE 8 - EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PLAN (Continued)**

**Summary of Actuarial Assumptions (Continued)**

Notes:

- Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2018 valuation. The total pension liability as of September 30, 2021, is based on the results of an actuarial valuation date of September 30, 2020, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.4367 for non-university employers
- Recognition period for assets in years is 5.0000
- Full actuarial assumptions are available in the 2021 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, 2021, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0%	5.4%
% Alternative Investment Pools	16.0	9.1
International Equity	15.0	7.5
Fixed Income Pools	10.5	(0.7)
Real Estate and Infrastructure Pools	10.0	5.4
Absolute Return Pools	9.0	2.6
Real Return / Opportunistic Pools	12.5	6.1
Short Term Investment Pools	2.0	(1.3)
<b>TOTAL</b>	<b>100.0%</b>	

\*Long term rate of return does not include 2.0% inflation





**L'ANSE AREA SCHOOLS**

**NOTES TO FINANCIAL STATEMENTS**

For the Year Ended June 30, 2022

(Continued)

**NOTE 8 - EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PLAN (Continued)**

**Rate of Return**

For the fiscal year ended September 30, 2021, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 27.3%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Discount Rate**

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

**Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate**

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

1% Decrease 5.80% / 5.80% / 5.0%	Current Single Discount Rate Assumption 6.80% / 6.80% 6.0%	1% Increase 7.80% / 7.80% / 7.0%
\$12,291,858	\$8,597,335	\$5,534,334

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

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

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



## L'ANSE AREA SCHOOLS

### NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2022

(Continued)

#### NOTE 9 – 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 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. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree healthcare recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP Graded plan members) the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008 (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

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



L'ANSE AREA SCHOOLS

**NOTES TO FINANCIAL STATEMENTS**

For the Year Ended June 30, 2022

(Continued)

**NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

**. Benefits Provided (Continued)**

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, 2020 valuation will be amortized over a 18-year period Beginning October 1, 2020 and ending September 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for fiscal year ended September 30, 2021.

OPEB Contribution Rates			
Benefit Structure	Member	Employer	
		Universities	Non-Universities
Premium Subsidy	3.00%	6.91%	8.43%
Personal Healthcare Fund (PHF)	0.00%	5.99%	7.57%

Required contributions to the OPEB plan from the District were \$267,070 for the year ended September 30, 2021.



**L'ANSE AREA SCHOOLS**

**NOTES TO FINANCIAL STATEMENTS**

For the Year Ended June 30, 2022

(Continued)

**NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

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

At June 30, 2022, the District reported a liability of \$549,139 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2020. The District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2021, the District's proportion was .03597658 percent, which was an increase of .00054786 percent from its proportion measured as of September 20, 2020.

For the year ending June 30, 2022, the District recognized OPEB expense of (\$334,326). At June 30, 2022, the 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
Differences between actual and expected experience	\$-	\$1,567,477
Changes of Assumptions	\$459,053	\$68,691
Net difference between projected and actual earnings on OPEB plan investments	\$-	\$413,896
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$44,142	\$141,099
Employer contributions subsequent to the measurement date	\$53,509	\$-
<b>Total</b>	<u>\$556,704</u>	<u>\$2,191,163</u>

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense follows on the next page.



L'ANSE AREA SCHOOLS

**NOTES TO FINANCIAL STATEMENTS**

For the Year Ended June 30, 2022

(Continued)

**NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

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

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

2022	\$(387,654)
2023	\$(399,529)
2024	\$(362,069)
2025	\$(348,019)
2026	\$(121,277)
Thereafter	\$(15,911)

**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, 2020
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.95% net of investment expenses
Projected Salary Increases:	2.75-11.55%, including wage inflation at 2.75%
Healthcare Cost Trend Rate:	7.0% Year 1 graded to 3.5% Year 15; 3.0% Year 120



L'ANSE AREA SCHOOLS

**NOTES TO FINANCIAL STATEMENTS**

For the Year Ended June 30, 2022

(Continued)

**NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

**Actuarial Assumptions (Continued)**

Mortality:	Retirees:	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
	Active Members:	P-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Other Assumptions:		
	Opt-Out Assumptions	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan
	Survivor Coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death
	Coverage Election at Retirement	75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

*Notes:*

- *Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2018 valuation. The total OPEB liability as of September 30, 2021, is based on the results of an actuarial valuation date of September 30, 2020, and rolled forward using generally accepted actuarial procedures, including the experience study.*
- *Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 6.1312 for non-university employers*
- *Recognition period for assets in years is 5.0000*

*Full actuarial assumptions are available in the 2021 MPSERS Comprehensive Annual Financial Report found on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).*



**L'ANSE AREA SCHOOLS**

**NOTES TO FINANCIAL STATEMENTS**

For the Year Ended June 30, 2022

(Continued)

**NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2021, are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long Term Expected Real Rate of Return<sup>*</sup></b>
Domestic Equity Pools	25.0%	5.4%
% Alternative Investment Pools	16.0	9.1
International Equity	15.0	7.5
Fixed Income Pools	10.5	(0.7)
Real Estate and Infrastructure Pools	10.0	5.4
Absolute Return Pools	9.0	2.6
Real Return / Opportunistic Pools	12.5	6.1
Short Term Investment Pools	2.0	(1.3)
<b>TOTAL</b>	<b>100.0%</b>	

*\*Long-term rates of return are net of administrative expenses and 2.0% inflation.*

**Rate of Return**

For the fiscal year ended September 30, 2021, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 27.14%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.



**L'ANSE AREA SCHOOLS**

**NOTES TO FINANCIAL STATEMENTS**

For the Year Ended June 30, 2022

(Continued)

**NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

**Discount Rate**

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

**Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate**

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

1% Decrease 5.95%	Current Discount Rate 6.95%	1% Increase 7.95%
\$1,020,399	\$549,139	\$149,207

**Sensitivity of the District's proportionate share of the net OPEB liability to Healthcare Cost Trend Rate**

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

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$133,656	\$549,139	\$1,016,606





**L'ANSE AREA SCHOOLS**

**NOTES TO FINANCIAL STATEMENTS**

For the Year Ended June 30, 2022

(Continued)

**NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

**OPEB Plan Fiduciary Net Position**

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2021 MPSERS CAFR, available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**NOTE 10 – 403(b) RETIREMENT PLAN**

The District has a 403(b) plan which is a qualified tax sheltered annuity plan for the benefit of eligible employees. The plan itself is administered by the District with a plan year ending December 31. Participants can invest in annuity contracts or custodial accounts which invest in mutual funds. The District is not required to make contributions. Distributions are governed by IRS regulations.

**NOTE 11 - RISK MANAGEMENT**

The District is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participated in two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The District pays annual premiums to each pool for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said year, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. Each of the pools maintain reinsurance for claims in excess of \$500,000 for each occurrence with the overall maximum coverage being unlimited. The District has not been informed of any special assessments being required. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance.

**NOTE 12 - 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 13 - SIGNIFICANT ESTIMATES**

Included in Notes 8 & 9 is a summary of the employee retirement plan and OPEB provisions and actuarial assumptions. The actuarial assumptions are very critical to the computation of the actuarial determined liabilities of the plan. If the assumptions differ from actual results annual contributions to the defined benefit plan and OPEB can substantially change.



**L'ANSE AREA SCHOOLS**

**NOTES TO FINANCIAL STATEMENTS**

For the Year Ended June 30, 2022

(Continued)

**NOTE 14 – SINKING FUND COMPLIANCE**

The Capital Project Fund includes activities funded with sinking fund millage. For this fund, the District has complied with the applicable provisions of Michigan Compiled Law Section 380.121(1) and the State of Michigan Department of Treasury Letter No. 2004-4.

**NOTE 15 – SUBSEQUENT EVENTS**

The COVID-19 pandemic has continued to cause business interruptions. Measures taken by various governments to contain the virus have affected economic activity. The District has taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our teachers and students (such as social distancing and remote learning).

At this stage, the impact on the District has not been significant and based on our experience to date, we expect this to remain the case. As the District operates in state funded education, we have experienced increased grants provided to the District. The District will continue to follow the various government policies and advice and will continue to operate in the best and safest way possible without jeopardizing the health of the staff and students.





ANDERSON, TACKMAN  
& COMPANY, P.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS

REQUIRED SUPPLEMENTARY INFORMATION

L'ANSE AREA SCHOOLS

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND**

For the Year Ended June 30, 2022

	Budgeted Amounts		Actual (Budgetary Basis) (See Note 1)
	Original	Final	
REVENUES:			
Local sources	\$ 1,492,561	\$ 1,448,864	\$ 1,455,736
State sources	4,436,518	4,855,797	4,871,147
Federal sources	756,060	982,492	945,629
<b>TOTAL REVENUES</b>	<b>6,685,139</b>	<b>7,287,153</b>	<b>7,272,512</b>
EXPENDITURES:			
Instruction	4,171,982	4,118,684	4,271,963
Supporting services	2,620,216	2,715,235	2,624,431
School service activities	147,295	149,692	153,754
<b>TOTAL EXPENDITURES</b>	<b>6,939,493</b>	<b>6,983,611</b>	<b>7,050,148</b>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(254,354)	303,542	222,364
OTHER FINANCING SOURCES (USES):			
Payments received from other governmental units	86,218	92,619	16,538
Transfers In	-	-	19,500
Other sources	-	-	2,189
Other (uses)	-	(145,087)	(145,087)
Transfers out	(171,267)	(475,390)	(475,390)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(85,049)</b>	<b>(527,858)</b>	<b>(582,250)</b>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(339,403)	(224,316)	(359,886)
FUND BALANCE, JULY 1	3,041,199	3,041,199	3,041,199
FUND BALANCE, JUNE 30	<u>\$ 2,701,796</u>	<u>\$ 2,816,883</u>	<u>\$ 2,681,313</u>

The accompanying notes to the financial statements are an integral part of this statement.





L'ANSE AREA SCHOOLS

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN

LAST 10 FISCAL YEARS (Amounts were determined as of 9/30 of each fiscal year)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
A. Reporting unit's proportionate share of net pension liability (%)	0.03631%	0.03722%	0.03738%	0.03724%	0.03792%	0.03781%	0.03713%	0.03690%		
B. Reporting unit's proportionate share of net pension liability	\$ 8,597,335	\$ 12,784,417	\$ 12,377,824	\$ 11,195,765	\$ 9,826,389	\$ 9,432,565	\$ 9,068,797	\$ 8,128,491		
C. Reporting unit's covered-employee payroll	\$ 3,267,481	\$ 3,291,898	\$ 3,326,705	\$ 3,153,197	\$ 3,162,801	\$ 3,235,317	\$ 3,111,250	\$ 3,127,398		
D. Reporting unit's proportionate share of net pension liability as a percentage of its covered-employee payroll (%)	263.12%	388.36%	372.07%	355.06%	310.69%	291.55%	291.48%	259.91%		
E. Plan fiduciary net position as a percentage of total pension liability	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%		

The accompanying notes to the financial statements are an integral part of this statement.



L'ANSE AREA SCHOOLS

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE REPORTING UNIT'S CONTRIBUTIONS  
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN**

LAST 10 FISCAL YEARS (Amounts were determined as of 6/30 of each fiscal year)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
A. Statutorily required contributions		\$ 1,090,353	\$ 1,022,769	\$ 603,366	\$ 579,764	\$ 554,084	\$ 591,219	\$ 613,863	\$ 677,815	
B. Contributions in relation to statutorily required contributions*		\$ 1,090,353	\$ 1,022,769	\$ 603,366	\$ 579,764	\$ 554,084	\$ 591,219	\$ 613,863	\$ 677,815	
C. Contribution deficiency (excess)		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
D. Reporting unit's covered-employee payroll		\$ 3,265,053	\$ 3,291,898	\$ 3,276,936	\$ 3,298,109	\$ 3,161,330	\$ 3,163,386	\$ 3,235,596	\$ 3,094,281	
E. Contributions as a percentage of covered-employee payroll		33.39%	31.07%	18.41%	17.58%	17.53%	18.69%	18.97%	21.91%	

\* Contributions in relation to statutorily required contributions are the contributions an employer actually made to the System, as distinct from the statutorily required contributions.



L'ANSE AREA SCHOOLS

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**  
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN

LAST 10 FISCAL YEARS (Amounts were determined as of 9/30 of each fiscal year)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
A. Reporting unit's proportion of net OPEB liability (%)						0.03598%	0.03788%	0.03676%	0.03695%	0.0380%
B. Reporting unit's proportionate share of net OPEB liability						\$ 549,139	\$ 1,969,133	\$ 2,719,051	\$ 2,936,927	\$ 3,364,475
C. Reporting unit's covered-employee payroll						\$ 3,267,481	\$ 3,291,898	\$ 3,326,705	\$ 3,153,197	\$ 3,162,801
D. Reporting unit's proportionate share of net OPEB liability as a percentage of its covered-employee payroll (%)						16.81%	59.82%	81.73%	93.14%	106.38%
E. Plan fiduciary net position as a percentage of total OPEB liability						87.33%	59.44%	48.46%	42.95%	36.39%

The accompanying notes to the financial statements are an integral part of this statement.



L'ANSE AREA SCHOOLS

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE REPORTING UNIT'S OPEB CONTRIBUTIONS**  
**MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN**

LAST 10 FISCAL YEARS (Amounts were determined as of 6/30 of each fiscal year)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
A. Statutorily required OPEB contributions			\$ 257,384	\$ 261,349	\$ 259,692	\$ 267,070					
B. OPEB contributions in relation to statutorily required contributions*			\$ 257,384	\$ 261,349	\$ 259,692	\$ 267,070					
C. Contribution deficiency (excess)			\$ -	\$ -	\$ -	\$ -					
D. Reporting unit's covered-employee payroll			\$ 3,298,109	\$ 3,276,936	\$ 3,291,898	\$ 3,265,053					
E. OPEB contributions as a percentage of covered-employee payroll			7.80%	7.98%	7.89%	8.18%					

\* Contributions in relation to statutorily required OPEB contributions are the contributions an employer actually made to the OPEB Plans, as distinct from the statutorily required contributions.





**L'ANSE AREA SCHOOLS**

**FEDERAL SINGLE AUDIT REPORTS**

For the Year Ended June 30, 2022

L'ANSE AREA SCHOOLS

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

Board of Education  
L'Anse Area Schools  
Houghton, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the governmental activities, each major fund, and each fiduciary fund type of the L'Anse Area Schools as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise L'Anse Area Schools' basic financial statements, and have issued our report thereon dated November 17, 2022.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a material weakness.



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

**L'Anse Area Schools Response to Findings**

L'Anse Area Schools' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. L'Anse Area Schools' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Compliance and Other Matters**

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

**Purpose of this Report**

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

*Anderson Tackman & Co. PLC*

ANDERSON, TACKMAN & COMPANY, PLC  
Certified Public Accountants  
Iron Mountain, Michigan

November 17, 2022



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

Board of Education  
L'Anse Area Schools  
Houghton, Michigan

**Report on Compliance for Each Major Federal Program**

We have audited L'Anse Area Schools' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of L'Anse Area Schools' major federal programs for the year ended June 30, 2022. L'Anse Area Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of L'Anse Area Schools' compliance.

***Opinion on Each Major Federal Program***

In our opinion, L'Anse Area Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.



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

**Report on Internal Control Over Compliance**

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

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

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

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



ANDERSON, TACKMAN & COMPANY, PLC  
Certified Public Accountants  
Iron Mountain, Michigan

November 17, 2022





L'ANSE-AU-LAC SCHOOLS

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2022

Awarding Agency/ Award Description	Federal Catalog Number	Approved Grant Award Amount	July 1, 2021		Prior Year Expenditures	Current Year Expenditures	Current Year Receipts	June 30, 2022 Accrued / (Deferred) Revenue
			Accrued Receivable	Deferred Revenue				
<b>GENERAL FUND</b>								
<b>U.S. Department of Education</b>								
Indian Education - E-T003E000999	84 003E	\$ 483,500	\$ -	\$ 642	\$ 482,858	\$ 642	\$ -	\$ -
Title VII - S060A210658	84 060A	50,928	-	-	-	54,433	54,433	-
Title VII - S060A200658	84 060A	49,687	18,303	-	41,147	-	18,303	-
Office of School Support & Technology Programs	99 U01	30,730	-	-	-	30,730	30,730	-
Small Rural Achievement Grant - REAP	84.358A	21,711	-	-	-	21,711	21,711	-
Impact Aid	84.041	397,789	-	-	-	388,752	388,752	-
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>		<b>1,034,345</b>	<b>18,303</b>	<b>642</b>	<b>524,005</b>	<b>496,268</b>	<b>513,929</b>	<b>-</b>
<b>Passed Through Michigan Department of Education:</b>								
Title I, Part A - 211530-2021	84 010	157,196	51,872	-	155,456	-	51,872	-
Title I, Part A - 221530-2022	84 010	139,932	-	-	-	135,917	81,235	54,682
		297,128	51,872	-	155,456	135,917	133,107	54,682
Title II, Part A - 210520-2021	84 367	42,730	7,656	-	31,377	-	7,656	-
Title II, Part A - 220520-2022	84 367	33,618	-	-	-	32,394	17,840	14,554
		76,348	7,656	-	31,377	32,394	25,496	14,554
Title IV, Part A - 210750-2021	84.424	20,671	2,004	-	2,004	-	2,004	-
Title IV, Part A - 220750-2022	84.424	20,626	-	-	-	16,478	16,328	150
		41,297	2,004	-	2,004	16,478	18,332	150
Source Project #201200 (GEER)	84.425C	39,844	4,388	-	39,844	-	4,388	-
Teacher & Support Staff Salaries 23c 2112022122	84.425C	3,750	-	-	-	3,750	3,750	-
Source Project #203710 (ESSER)	84.425D	116,715	6,477	-	98,839	-	6,477	-
Source Project #203711 (ESSER)	84.425D	3,723	-	-	-	3,723	-	3,723
Summer School 23b2a 2137222122	84.425D	23,100	-	-	-	20,191	20,191	-
Credit Recovery 23b2b 2137422122	84.425D	9,900	-	-	-	8,204	1,491	6,713
Source Project #213712 (ESSER II)	84.425D	67,390	-	-	-	67,390	64,008	3,382
Source Project #2137132122 (ESSER III)	84.425U	729,158	-	-	-	21,191	21,191	-
		993,580	10,865	-	138,683	124,449	121,496	13,818
Michigan Connectivity Project	21.019	29,791	-	-	-	22,849	22,849	-
		29,791	-	-	-	22,849	22,849	-
<b>TOTAL MICHIGAN DEPARTMENT OF EDUCATION</b>		<b>1,438,184</b>	<b>72,397</b>	<b>-</b>	<b>327,520</b>	<b>332,087</b>	<b>321,280</b>	<b>83,204</b>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>		<b>\$ 2,472,489</b>	<b>\$ 90,700</b>	<b>\$ 642</b>	<b>\$ 851,525</b>	<b>\$ 828,355</b>	<b>\$ 835,209</b>	<b>\$ 83,204</b>
<b>U.S. Department of Agriculture</b>								
Passed Through Houghton County Ottawa National Forest	10.665	\$ 117,233	\$ -	-	\$ -	\$ 117,233	\$ 117,233	\$ -
Ottawa National Forest		\$ 2,589,722	\$ 90,700	\$ 642	\$ 851,525	\$ 945,588	\$ 952,442	\$ 83,204
<b>Total of U.S. Department of Agriculture and General Fund</b>								

The accompanying notes to the financial statements are an integral part of this statement.



L'ANSE AREA SCHOOLS

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2022

Awarding Agency/ Award Description	Federal Catalog Number	Approved Grant Award Amount	July 1, 2021 Accrued Receivable	Deferred Revenue	Prior Year Expenditures	Current Year Expenditures	Current Year Receipts	June 30, 2022 Accrued / (Deferred) Revenue
<b><u>FOOD SERVICE FUND</u></b>								
<u>Flow Through - Michigan Department of Education</u>								
<u>U.S. Department of Agriculture</u>								
Seamless Summer Option - Breakfast - 211971	10.553	\$ 48,526	\$ -	\$ -	\$ -	\$ 48,526	\$ 48,526	\$ -
Seamless Summer Option - Lunch - 221961	10.555	297,581	-	-	-	297,581	297,581	-
Summer Food Service Program For Children - 210904	10.559	62,819	-	-	403,744	62,819	50,431	12,388
Summer Food Service Program For Children 20/21	10.559	374,526	29,218	-	-	-	29,218	-
Entitlement Commodities (Food Distribution)	10.565	25,666	-	-	-	21,692	21,692	-
Pandemic EBT Local Level Costs - 210980	10.649	614	-	-	-	614	614	-
		<u>809,732</u>	<u>29,218</u>	<u>-</u>	<u>403,744</u>	<u>431,232</u>	<u>448,062</u>	<u>12,388</u>
<u>GEER Funds</u>								
Source Project #203711 (ESSER)	84.425D	4,299	-	-	-	4,299	-	4,299
Source Project #213712 (ESSER II)	84.425D	2,126	-	-	-	2,126	2,126	-
		<u>6,425</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,425</u>	<u>2,126</u>	<u>4,299</u>
<b>Total US Department of Agriculture and Education and Food Service Fund</b>		<b>\$ 816,157</b>	<b>\$ 29,218</b>	<b>\$ -</b>	<b>\$ 403,744</b>	<b>\$ 437,657</b>	<b>\$ 450,188</b>	<b>\$ 16,687</b>
<b><u>CAPITAL PROJECTS FUND</u></b>								
<u>Flow Through - Michigan Department of Education</u>								
<u>GEER Funds</u>								
Source Project #213712 (ESSER II)	84.425D	407,116	-	-	-	407,116	243,251	163,865
		<u>407,116</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>407,116</u>	<u>243,251</u>	<u>163,865</u>
<b>Total Michigan Department of Education and Capital Projects Fund</b>		<b>\$ 407,116</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 407,116</b>	<b>\$ 243,251</b>	<b>\$ 163,865</b>
<b>TOTAL FEDERAL AWARDS</b>		<b>\$ 3,812,995</b>	<b>\$ 119,918</b>	<b>\$ 642</b>	<b>\$ 1,255,269</b>	<b>\$ 1,790,361</b>	<b>\$ 1,645,881</b>	<b>\$ 263,756</b>

The accompanying notes to the financial statements are an integral part of this statement.



**L'ANSE AREA SCHOOLS**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the Year Ended June 30, 2022

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of expenditures of federal awards is a summary of the activity of the L'Anse Area Schools' federal award programs and presents transactions that are included in the financial statements of the District presented on the accrual basis of accounting, as contemplated by accounting principles generally accepted in the United States of America.

**NOTE 2 - FOOD DISTRIBUTION**

Non-monetary assistance is reported in the schedule using Recipient Entitlement Balance Report and other district records. Spoilage of pilferage, if any, is included in expenditures.

**NOTE 3 - COST REPORTS**

Management has reported the expenditures in the Schedule of Expenditures of Federal Awards equal to those amounts reported in the annual or final cost reports.

**NOTE 4 – INDIRECT COST RATE**

L'Anse Area Schools has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.



**L'ANSE AREA SCHOOLS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the Year Ended June 30, 2022

**SUMMARY OF AUDITOR'S RESULTS**

**Financial Statement**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material Weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?  Yes  No

Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over major programs:

- Material Weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?  Yes  No

Type of auditor's report issued on compliance for major programs:

Impact Aid: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?  Yes  No

Identification of major programs:

**CFDA**

**Name of Federal Program or Cluster**

84.425

Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low risk auditee?  Yes  No



L'ANSE AREA SCHOOLS

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the Year Ended June 30, 2022

(Continued)

**FINDINGS – FINANCIAL STATEMENT AUDIT**

MATERIAL WEAKNESS

Finding 2022-001

Reportable Condition:

During the review of fund reporting during the current year it was noted a search for unrecorded payables was not performed and the student activity fund was not properly closed requiring material journal entries to correct.

Criteria:

The Michigan Department of Treasury and Education requires the District to have effective internal controls and accountability must be maintained for all funds. To ensure effectiveness of internal control, adequate procedures should exist among those who perform accounting procedures and internal control activities over the financial records of the District. Internal control procedures should be such that there is a reduced risk of omissions and misstatements would be prevented or detected timely.

Condition:

The District lacked adequate controls over financial reporting.

Questioned Costs:

\$213,156

Effect:

With adequate and effective internal control policies and procedures, the risk of omissions or misstatements would be prevented or timely detected.

Cause:

Lack of adequate internal controls over the financial reporting.

Recommendation:

The District should adopt internal control policies and procedures to ensure accurate reporting.



L'ANSE AREA SCHOOLS

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the Year Ended June 30, 2022

(Continued)

**FINDINGS – FINANCIAL STATEMENT AUDIT**

MATERIAL WEAKNESS

Finding 2022-001

Management's Response:

The district will work on a stronger process including a checklist for fiscal year end activities including searching for unrecorded payables by Sept 1st of each year. This would help eliminate journal entries needed later. This year was more challenging than typical due to a transition in the business manager position just prior to the end of the fiscal year.

To assist with easier closing of the student activity accounts at the end of the fiscal year, the building office secretaries will be provided more oversight on recording the correct expense and revenue accounts and subsequently making corrections in a timely manner. The secretaries were in their first year of their positions in the 21-22 school year. The principals and business manager will work as a team with them to help improve this area in future years.

Overall, the district is in agreement with the information in the audit.



L'ANSE AREA SCHOOLS

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the Year Ended June 30, 2022

(Continued)

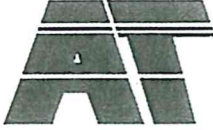
**FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

None





**ANDERSON, TACKMAN & COMPANY, P.L.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

*A Regional Firm with Offices throughout Michigan*

**Iron Mountain Office:**

Shane M. Ellison, CPA, PC - Principal  
Lynn M. Mott, MSA - Principal

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Michelle Christian, BSA - Senior

**Member of:**

Private Companies Practice Section  
American Institute of Certified  
Public Accountants

November 17, 2022

To the Board of Education  
L'Anse Area Schools

We have audited the financial statements of the governmental activities, each major fund, and the fiduciary fund of the L'Anse Area Schools for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 20, 2021. Professional standards also require that we communicate to you the following information related to our audit.

**Significant Audit Findings**

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by L'Anse Area Schools are described in Note A to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during fiscal year 2022. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no major sensitive accounting estimates.

*Difficulties Encountered in Performing the Audit*

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

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Seven journal entries were needed to correct the financial statements. Two journal entries were individually material, and the remaining entries contributed to material adjustments in the aggregate for the general fund and capital projects fund. See the list of journal entries and their effect attached.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 17, 2022.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Internal Control

1. Student Activities – During the review of student activity disbursements it was noted two checks lacked support for the charges.

Recommendation – We recommend the District implement stronger internal controls over obtaining and maintaining support for all disbursements.

Other Matters

We applied certain limited procedures to the MD&A, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

Restriction on Use

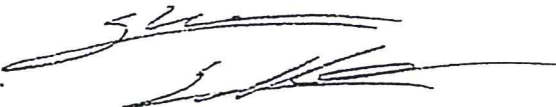
This information is intended solely for the use of the Board of Education and management of the L'Anse Area Schools and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

ANDERSON, TACKMAN & COMPANY, PLC

By: Shane M. Ellison, CPA, PC

By.



Shane M. Ellison, President



L'Anse Area Schools  
Audit Journal Entries

LM 11/7/2022

6/30/2022

Fund	Account	Account #	Debit	Credit	Net Income (Loss) Effect
1)	11 Fed Restricted	11R414 0110 00000 000 6640 0000	614.00		(614.00)
	11 Due to Other Fund - Food Serv	11L411 0025		614.00	
	25 Due from Other Fund - General	25A131 0011	614.00		
	25 Food Service Unrestricted Fed <i>to reclass to correct account</i>	25R412 0000 0000 000 0000 0000		614.00	614.00
2)	51 Invest	51A180 0000 00000 000 0000 0000	11,103.97		
	51 Investments	51A181 0000 00000 000 0000 7629		928.31	
	51 Gain / Loss on Investments	51R151 0000 00000 000 0000 0000		10,175.66	10,175.66
3)	11 PL 874	11R411 0000 00000 000 0000 0000	9,036.87		(9,036.87)
	11 Restricted Federal Direct <i>to reclass funds to correct account</i>	11R413 0000 00000 000 7130 0000		9036.87	9,036.87
4)	11 Contr T	11E113 3110 04149 000 0000 0000	33,790.60		(33,790.60)
	11 Tch Supp	11E113 5990 04149 000 0000 8324	396.60		(396.60)
	41 Site Improvements	41E452 6410 00000 000 0000 7772	28,000.00		(28,000.00)
	11 Accounts Payable	11L451 1000 00000 000 0000 0000		34,187.20	
	41 Accounts Payable <i>to record accounts payable</i>	41L451 1000 00000 000 0000 0000		28,000.00	
5)	11 Restricted State Funds	11R312 0000 00000 000 0000 0000	2,337.90		(2,337.90)
	11 Due from OG <i>to reclass to correct account</i>	11A141 0000 00000 000 0000 0000		2,337.89	
6)	11 Retire	11E111 2820 04149 000 0000 0000	53,714.96		(53,714.96)
	11 Retire	11E113 2820 04149 000 0000 0000	53,714.96		(53,714.96)
	11 Retire	11E122 2820 04149 194 0000 0000	5,968.33		(5,968.33)
	11 Retire	11E212 2820 04149 000 0000 0000	3,581.00		(3,581.00)
	11 Retire	11E125 2820 04149 000 6010 0000	2,387.33		(2,387.33)
	11 Retirement Payable <i>to adjust balance to actual</i>	11L451 2820 00000 000 0000 1470		119,366.58	
7)	11 Retire	11E111 2820 04149 000 0000 0000	8,313.74		(8,313.74)
	11 Retire	11E113 2820 04149 000 0000 0000	8,313.74		(8,313.74)
	11 Retire	11E122 2820 04149 194 0000 0000	923.75		(923.75)
	11 Retire	11E212 2820 04149 000 0000 0000	554.25		(554.25)
	11 Retire	11E125 2820 04149 000 6010 0000	369.50		(369.50)
	11 Retirement Payable <i>to adjust balance to actual</i>	11L451 2820 00000 000 0000 0000		18,474.98	
					<u>(192,191.00)</u>

EFFECT OF ADJ TO FUND BALANCE

11 General	(174,980.66)
25 Food Service	614.00
29 Activities	-
31 Debt	-
41 Capital Projects	(28,000.00)
43 Sinking	-
51 Scholarship	10,175.66
	<u>(192,191.00)</u>