EWEN-TROUT CREEK CONSOLIDATED SCHOOL DISTRICT

Ontonagon County, Michigan

Annual Financial Report

For the year ended June 30, 2021

Hungerford Nichols CPAs + Advisors
Where good ideas add up

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INDEPENDENT AUDITOR'S REPORT

October 26, 2021

The Board of Education
Ewen-Trout Creek Consolidated School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Ewen-Trout Creek Consolidated School District (the "District") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Ewen-Trout Creek Consolidated School District as of June 30, 2021, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ewen-Trout Creek Consolidated School District's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2021 on our consideration of Ewen-Trout Creek Consolidated School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Ewen-Trout Creek Consolidated School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ewen-Trout Creek Consolidated School District's internal control over financial reporting and compliance.

Hungerford Nichols

Certified Public Accountants
Grand Rapids, Michigan

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Ewen-Trout Creek School District ("the District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

This annual report consists of four parts: Management's Discussion and Analysis (this section), the Basic Financial Statements, Required Supplementary Information, and Supplementary Information. The Basic Financial Statements include two kinds of statements that present different views of the District:

- The first two statements, the Statement of Net Position and the Statement of Activities, are *district-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.

- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.

    - *Governmental funds statements* tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.

The Basic Financial Statements also include Notes to Financial Statements that explain the information in the Basic Financial Statements and provide more detailed data; Required Supplementary Information includes pension and OPEB information schedules; Other Supplementary Information follows and includes combining and individual fund statements and schedules.

District-wide Statements

The district-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position, and how it has changed. Net position - the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources - is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the District's overall health, one should consider additional non-financial factors such as changes in the District's property tax-base and the condition of school buildings and other facilities.

In the district-wide financial statements, the District's activities are presented as follows:

- Governmental activities: The District's basic services are included here, such as regular and special education, instructional support, transportation, administration, community services, food service and athletics. State aid and property taxes finance most of these activities.

Condensed District-wide Financial Information

The Statement of Net Position provides financial information on the District as a whole.

	2021	2020
Assets		
Current assets	$ 953,460	$ 950,271
Net capital assets	8,823,896	9,113,200
Total Assets	**9,777,356**	**10,063,471**
Deferred Outflows of Resources	**1,174,782**	**1,240,955**
Liabilities		
Current liabilities	975,125	303,364
Long-term liabilities	4,721,223	5,947,506
Net pension liability	4,127,056	4,127,913
Net OPEB liability	638,826	885,410
Total Liabilities	**10,462,230**	**11,264,193**
Deferred Inflows of Resources	**667,894**	**570,908**
Net Position		
Net investment in capital assets	3,513,896	3,172,943
Restricted	202,551	209,065
Unrestricted (deficit)	(3,894,433)	(3,912,683)
Total Net Position	**$ (177,986)**	**$ (530,675)**

The Statement of Activities presents changes in net position from operating results:

	2021	2020
Program Revenues		
Charges for services	$ 49,664	$ 24,162
Operating grants	1,104,445	885,127
General Revenues		
Property taxes	2,097,428	2,031,348
State school aid, unrestricted	142,544	406,434
Interest and investment earnings	1,437	3,389
Other	58,488	41,895
Total Revenues	3,454,006	3,392,355
Expenses		
Instruction	1,511,470	1,913,690
Supporting services	986,963	1,108,177
Food service	131,186	130,715
Other	1,579	800
Interest on long-term debt	150,856	161,274
Depreciation (unallocated)	319,263	-
Total Expenses	3,101,317	3,314,656
Increase in net position	352,689	77,699
Net Position, Beginning of Year	(530,675)	(608,374)
Net Position, End of Year	**$ (177,986)**	**$ (530,675)**

Financial Analysis of the District as a Whole

Total revenues exceeded expenses by $352,689 on the Statement of Activities, increasing total net position from a deficit of $530,675 at June 30, 2020 to a deficit of $177,675 at June 30, 2021. Unrestricted net assets decreased by $18,250 to a deficit of $3,894,433 at June 30, 2021. The District's net pension liability, including deferred outflows and inflows of resources, increased by $42,480 during the fiscal year. In addition, the District's net OPEB liability, including deferred outflows and inflows of resources, decreased by $126,762 during the fiscal year.

The District's financial position is the product of many factors.

The District's total revenues were $3.5 million. Property taxes and unrestricted State aid accounted for most of the District's revenues, contributing 64.9% of the total. The remainder came from State and federal aid for specific programs, fees charged for services, interest earnings and other local sources.

The total cost of all programs was $3.1 million. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (69%). The District's operation and maintenance services accounted for 12% of total costs.

The current position of the District's finances can be credited to careful monitoring of economic changes and appropriate cost-cutting measures to maintain programs during these challenging economic times. Despite the ongoing uncertainty of funding revenue from the State of Michigan, the District has endeavored to maintain a positive fund balance.

- The District has conducted a thorough budget analysis and has broken the budget down into specific components and their related expenses. This has allowed the District to prioritize expenses, and also to identify where cuts could occur if necessary.
- Regular updates were provided to the Board of Education during the school year. This information is also presented to the community via the District's website transparency reporting.
- Collaboration with the surrounding districts have helped reduce expenditures in many areas including special education, special education transportation, technology, and business services.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

The District utilizes one kind of fund:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information following the governmental funds' statements explain the relationship (or differences) between them.

Financial Analysis of the District's Funds

The District uses funds to record and analyze financial information. Ewen-Trout Creek School District's funds are described as follows:

Major Funds

General Fund
The General Fund is the District's primary operating fund. The General Fund had total revenues of $2,525,168, total expenditures of $2,569,154, and other financing uses of $15,309. The General Fund ended the fiscal year with a $59,295 decrease in fund balance for a total fund balance of $404,967, down from $464,262 at June 30, 2020.

2012 Debt Service Fund
The District has one major Debt Service Fund. Total revenues were $450,774 and total expenditures were $452,220. The fund balance at June 30, 2021 totaled $64,795, down from $66,241 at 2020June 30, 2020.

Nonmajor Funds

Special Revenue Funds
The District operates two Special Revenue Funds, the Food Service Fund and the Student/School Activity Fund. The total revenue for all Special Revenue funds was $164,838, total expenditures of $170,989, and other financing sources of $13,730. The ending fund balances totaled $65,589. Of the ending fund balances, a deficit of $4,183 is attributed to the Food Service Fund and $69,772 is attributed to the Student/School Activity Fund.

Debt Service Fund
The District has one nonmajor Debt Service Fund. Total revenues were $313,221, total expenditures were $305,652, and other financing sources were $14. The ending fund balance totaled $91,225, up from $83,642 at June 30, 2020.

Capital Projects Fund
There is one nonmajor Capital Projects Fund incorporated into the financial statements of the District. The 2016 Construction Fund had total revenues of $5 and other financing uses of $14 for the fiscal year, which included a transfer to close out the fund as of June 30, 2021.

General Fund Budgetary Highlights

The Ewen-Trout Creek Consolidated School District begins the 2021-22 school year with a $404,967 general fund balance, which is about 16% of annual general fund expenses. A portion of the general fund balance in the amount of $31,354 is assigned to a project that was embarked on in 2019 with a generous donation from a community member. The District began equipping a "Fab Lab" - a digital fabrication laboratory. The Fab Lab became operational during the 2020-21 school year.

The original 2020-21 Budget proposed by the District in June 2020 included an impending state aid revenue proration due to COVID. Fortunately, with the additional funding provided by the federal government our state aid was not reduced and we ended the year with a general fund balance reduction of only $59,295 compared to the original projected reduction of $220,206. The final budget amendment in June 2021 made adjustments related to increased state and federal funding related to the COVID-19 pandemic and the increased expenses covered by those funds.

Capital Asset and Debt Administration

Capital Assets
At June 30, 2021, the District had a $14,431,169 investment in a broad range of capital assets, including land, school buildings, athletic facilities, school buses, and furniture and equipment. (More detailed information about capital assets can be found in Note E in the Notes to Basic Financial Statements.) Total depreciation expense for the year was $319,263.

At June 30, 2021, the District's investments in capital assets (net of accumulated depreciation), which decreased by $289,304 from the previous year-end, is detailed as follows:

Land	$ 3,500
Land improvements	12,148
Buildings and additions	8,548,873
Vehicles	183,546
Furniture and equipment	75,829
Net Capital Assets	$ 8,823,896

Long-term Obligations
At year end, the District had $5,346,223 in general obligation bonds and other long-term obligations outstanding - a net decrease of $601,283 from last year. During the current year, the District added $6,104 in long-term obligations and retired obligations in the amount of $607,387.

The District's bond rating for general obligation debt was affirmed by Moody's as "Aa1" with a negative outlook. The District's other obligations are sick leave. There is more detailed information about long-term liabilities in Note F in the Notes to Basic Financial Statements.

Factors Bearing on the District's Future

School administration will continue to recommend budgets that aim to maintain a fund balance that is equal to, or exceeds, 15% of annual expenses. The District has current contracts with both of the EA and ESP bargaining units that are active through June 2022. The school administration and Board Negotiations Committee bargained the salary and benefits portion of the contracts for both the Education Association and Support Staff for the 2021-22 school year upon request from the bargaining units. Both the Education Association and the Support Staff received increases for the 2021-22 school year.

Ewen-Trout Creek Consolidated School District continues to benefit from the Michigan Schools of Choice program. However, the actual student count for 2020-21 was down to 176 from 185 the previous year. Declining enrollment and the physical size of the District allows us to take advantage of a three year average blend for our student foundation count. With our community's struggling economy, declining enrollment continues to be a concern for our District. The district faces the same economic challenges as the other schools in the Upper Peninsula and will need to remain vigilant to safeguard the district's finances. The administration plans to use financial and personnel resources in a strategic manner to maximize educational opportunities for students.

Due to COVID-19 we had a 29% increase in federal funds under the Cares Act. The Elementary and Secondary School Emergency Relief programs and American Rescue Plan will provide additional federal funding that will continue for the next two to three years. The following are some of the expenses covered by these funds: technology purchases - one on one devices for students and staff, additional custodial staff to implement increased disinfecting and sanitizing practices, purchase of sanitizing stations, face masks, etc. and additional instructional staff to mitigate the loss of learning encountered during the pandemic.

The district continues to struggle with costly maintenance projects for school grounds including resurfacing of parking lots and replacing playground equipment. The administration in cooperation with the maintenance department is working to create a prioritized maintenance schedule to address needs that can be managed within the parameters of the school district's general fund budget or by exploring other funding streams.

All of the above suggests an ongoing need for a very conservative fiscal approach that will entail: maintenance of at least a 15% fund balance, ongoing downsizing where practicable and looking for savings at every juncture. The Ewen-Trout Creek Consolidated School District administration and Board of Education continues to steer a conservative fiscal course with a goal to ensure the district will not enter into a deficit situation.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Ewen-Trout Creek School District, 14312 Ewen Airport Road, Ewen, Michigan, 49925.

BASIC FINANCIAL STATEMENTS

Ewen-Trout Creek Consolidated School District
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Cash equivalents, deposits and investments (Note B)	$ 599,627
Due from other governmental units (Note C)	276,384
Inventory	891
Prepaid expenses	76,558
Capital assets not being depreciated (Note E)	3,500
Capital assets being depreciated, net (Note E)	8,820,396
Total Assets	9,777,356
Deferred Outflows of Resources	
Deferred pension amounts	876,016
Deferred OPEB amounts	298,766
Total Deferred Outflows of Resources	1,174,782
Liabilities	
Accounts payable	24,360
Due to other governmental units (Note C)	28,391
Payroll liabilities payable	4,983
Accrued interest payable	23,241
Salaries payable	222,082
Unearned revenue	47,068
Long-term liabilities (Note G):	
Due within one year	625,000
Due in more than one year	4,721,223
Net pension liability	4,127,056
Net OPEB liability	638,826
Total Liabilities	10,462,230
Deferred Inflows of Resources	
Deferred pension amounts	140,657
Deferred OPEB amounts	527,237
Total Deferred Inflows of Resources	667,894
Net Position	
Net investment in capital assets	3,513,896
Restricted for:	
Debt service	132,779
Student activities	69,772
Unrestricted (deficit)	(3,894,433)
Total Net Position	$ (177,986)

See accompanying notes to basic financial statements.

Ewen-Trout Creek Consolidated School District
Statement of Activities
For the year ended June 30, 2021

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Net (Expense) Revenue and Changes in Net Position
Governmental Activities				
Instruction	$ 1,511,470	$ -	$ 976,130	$ (535,340)
Supporting services	986,963	42,472	4,790	(939,701)
Food service	131,186	269	121,925	(8,992)
Community services	-	6,923	-	6,923
Other	1,579	-	-	(1,579)
Interest on long-term debt	150,856	-	1,600	(149,256)
Depreciation - unallocated*	319,263	-	-	(319,263)
Total Governmental Activities	$ 3,101,317	$ 49,664	$ 1,104,445	(1,947,208)

General Revenues	
Taxes:	
Property taxes, levied for general operations	1,335,145
Property taxes, levied for debt service	762,283
State school aid, unrestricted	142,544
Interest and investment earnings	1,437
Other	58,488
Total General Revenues	2,299,897
Change in Net Position	352,689
Net Position - Beginning of Year	(530,675)
Net Position - End of Year	$ (177,986)

*This amount excludes direct depreciation expenses of the various programs.

See accompanying notes to basic financial statements.

Ewen-Trout Creek Consolidated School District
Balance Sheet
Governmental Funds
June 30, 2021

	General	2012 Debt	Nonmajor	Total
Assets				
Cash equivalents, deposits and investments (Note B)	$ 355,858	$ 64,336	$ 179,433	$ 599,627
Due from other funds (Note D)	27,312	-	4,737	32,049
Due from other governmental units (Note C)	268,074	459	7,851	276,384
Inventory	-	-	891	891
Prepaid expenditures	75,248	-	1,310	76,558
Total Assets	$ 726,492	$ 64,795	$ 194,222	$ 985,509
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 22,850	$ -	$ 1,510	$ 24,360
Due to other funds (Note D)	4,737	-	27,312	32,049
Due to other governmental units	28,391	-	-	28,391
Payroll liabilities payable	4,983	-	-	4,983
Salaries payable	215,075	-	7,007	222,082
Unearned revenue	45,489	-	1,579	47,068
Total Liabilities	321,525	-	37,408	358,933
Fund Balances (Note A)				
Nonspendable	75,248	-	2,201	77,449
Restricted	-	64,795	160,997	225,792
Unassigned	329,719	-	(6,384)	323,335
Total Fund Balances	404,967	64,795	156,814	626,576
Total Liabilities and Fund Balances	$ 726,492	$ 64,795	$ 194,222	$ 985,509

See accompanying notes to basic financial statements.

Ewen-Trout Creek Consolidated School District
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2021

Total governmental fund balances		$ 626,576
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is $14,431,169 and accumulated depreciation is $5,607,273.		8,823,896
Long-term obligations, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
General obligation bonds	$ (5,310,000)	
Accumulated sick leave	(36,223)	(5,346,223)
Accrued interest is not included as a liability in governmental funds		(23,241)
Net pension liability and related deferred outflows/inflows of resources are not included as assets/liabilities in governmental funds:		
Net pension liability	(4,127,056)	
Deferred outflows	876,016	
Deferred inflows	(140,657)	(3,391,697)
Net OPEB liability and related deferred outflows/inflows of resources are not included as assets/liabilities in governmental funds:		
Net OPEB liability	(638,826)	
Deferred outflows	298,766	
Deferred inflows	(527,237)	(867,297)
Total net position - governmental activities		$ (177,986)

See accompanying notes to basic financial statements.

Ewen-Trout Creek Consolidated School District
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2021

	General	2012 Debt	Nonmajor	Total
Revenues				
Local sources	$1,401,704	$ 449,830	$ 355,483	$2,207,017
State sources	508,296	944	9,144	518,384
Federal sources	599,613	-	113,437	713,050
Interdistrict sources	15,555	-	-	15,555
Total Revenues	2,525,168	450,774	478,064	3,454,006
Expenditures				
Current:				
Instruction	1,562,840	-	-	1,562,840
Supporting services	1,006,314	-	36,220	1,042,534
Food service	-	-	134,769	134,769
Debt service:				
Principal repayment	-	410,000	195,000	605,000
Interest and fiscal charges	-	42,220	110,652	152,872
Total Expenditures	2,569,154	452,220	476,641	3,498,015
Deficiency of Revenues Over Expenditures	(43,986)	(1,446)	1,423	(44,009)
Other Financing Sources (Uses)				
Transfers in	-	-	15,323	15,323
Transfers out	(15,309)	-	(14)	(15,323)
Other	-	-	(1,579)	(1,579)
Total Other Financing Sources (Uses)	(15,309)	-	13,730	(1,579)
Net Change in Fund Balances	(59,295)	(1,446)	15,153	(45,588)
Fund Balances, Beginning of Year	464,262	66,241	141,661	672,164
Fund Balances, End of Year	$ 404,967	$ 64,795	$ 156,814	$ 626,576

See accompanying notes to basic financial statements.

Ewen-Trout Creek Consolidated School District
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended June 30, 2021

Net change in fund balances - total governmental funds		$ (45,588)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays for the current period.		
Capital outlays	$ 29,959	
Depreciation expense	(319,263)	(289,304)
Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term obligations in the Statement of Net Position and does not effect the Statement of Activities:		
Repayment of general obligation bonds		605,000
Interest on long-term obligations in the Statement of Activities differs from the amount reported on the governmental funds because interest is recorded as an expenditure in the funds when it is due and paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues regardless of when it is paid.		2,016
In the Statement of Net Position, severance pay and accumulated sick leave are measured by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). This year the amount of these benefits earned ($6,104) exceeded the amounts used/paid ($2,387).		(3,717)
The changes in net pension liability and related deferred outflows/inflows of resources are not included as revenues/expenditures in governmental funds.		(42,480)
The changes in net OPEB liability and related deferred outflows/inflows of resources are not included as revenues/expenditures in governmental funds.		126,762
Total changes in net position - governmental activities		$ 352,689

See accompanying notes to basic financial statements.

Ewen-Trout Creek Consolidated School District
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2021

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Local sources	$ 1,386,864	$ 1,400,338	$ 1,401,704	$ 1,366
State sources	323,837	493,581	508,296	14,715
Federal sources	469,051	600,838	599,613	(1,225)
Interdistrict sources	16,895	16,055	15,555	(500)
Total Revenues	2,196,647	2,510,812	2,525,168	14,356
Expenditures				
Current:				
Instruction:				
Basic programs	1,427,349	1,088,502	1,095,710	(7,208)
Added needs	-	473,103	467,130	5,973
Supporting services:				
Pupil services	21,168	1,385	1,384	1
Instructional staff services	6,685	39,827	20,922	18,905
General administrative services	99,375	103,203	97,387	5,816
School administrative services	132,019	134,770	133,120	1,650
Business services	119,722	117,729	114,157	3,572
Operation and maintenance services	270,279	307,094	306,096	998
Pupil transportation services	202,576	221,557	218,264	3,293
Central services	37,595	29,597	35,368	(5,771)
Other support services	75,533	71,633	79,616	(7,983)
Total Expenditures	2,392,301	2,588,400	2,569,154	19,246
Deficiency of Revenues Over Expenditures	(195,654)	(77,588)	(43,986)	(33,602)
Other Financing Uses				
Transfers out	(24,552)	(15,309)	(15,309)	-
Net Change in Fund Balances	(220,206)	(92,897)	(59,295)	33,602
Fund Balances, Beginning of Year	464,262	464,262	464,262	-
Fund Balances, End of Year	$ 244,056	$ 371,365	$ 404,967	$ 33,602

See accompanying notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

Note A - Summary of Significant Accounting Policies

Ewen-Trout Creek Consolidated School District (the "District") was organized under the School Code of the State of Michigan and services a population of approximately 163 students. The District is governed by an elected Board of Education consisting of seven members and administered by a Superintendent who is appointed by the aforementioned Board. The District provides a comprehensive range of educational services as specified by state statute and Board of Education policy. These services include elementary education, secondary education, pre-school programs, athletic activities, special education, community services and general administrative services. The Board of Education also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to school districts. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District's significant accounting policies are described below.

1. Reporting Entity

The financial reporting entity consists of a primary government and its component units. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and the District is not included in any other governmental reporting entity. Consequently, the District's financial statements include the funds of those organizational entities for which its elected governing board is financially accountable.

2. District-wide and Fund Financial Statements

District-wide Financial Statements - The district-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) present financial information about the District as a whole. The reported information includes all of the nonfiduciary activities of the District. The District does not allocate indirect costs and, for the most part, the effect of interfund activity has been removed. These statements are to distinguish between the *governmental* and *business-type activities* of the District. *Governmental activities* normally are supported by taxes and intergovernmental revenues, and are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District does not have any *business-type activities*.

The Statement of Net Position is reported on the full accrual, economic resource basis, which recognizes all long-term assets as well as all long-term debt and obligations. The District's net position is reported in three parts: invested in capital assets, net of related debt; restricted net assets, and unrestricted net assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes, unrestricted state aid, interest earnings and other items not included among program revenues are reported instead as *general revenues.*

Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The General Fund and 2012 Debt Service Fund are the District's major funds. Nonmajor funds are aggregated and presented in a single column.

Fund Financial Statements - Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Fund level statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. The Balance Sheet reports current assets, current liabilities, and fund balances. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources and uses of current financial resources. This differs from the economic resources measurement focus used to report at the district-wide level. Reconciliations between the two sets of statements are provided in separate statements.

Revenues are recognized when susceptible to accrual, i.e., both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Expenditures are generally recorded when the liability is incurred if they are paid within 60 days after the end of the current fiscal period. The exception to this general rule is that principal and interest on long-term debt is recognized when due.

Revenues susceptible to accrual are property taxes, state aid, federal and interdistrict revenues and investment income. Other revenues are recognized when received. Deferred revenue arises when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenue also arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of the qualifying expenditures.

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

The State of Michigan utilizes a foundation allowance approach, which provides for a specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is funded from a combination of state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The State portion of the foundation allowance is provided from the State's School Aid Fund and is recognized as revenues in accordance with state law and accounting principles generally accepted in the United States of America.

Governmental Funds

Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use, and balances of a school district's expendable financial resources and the related current liabilities are accounted for through governmental funds.

General Fund—The General Fund is the general operating fund of a school district. It is used to account for all financial resources, except those required to be accounted for in another fund. Included are all transactions related to the current operating budget.

Special Revenue Funds—Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

School Service Funds—School Service Funds are used to segregate, for administrative purposes, the transactions of a particular activity from regular revenue and expenditure accounts. A school district maintains full control of these funds. The School Service Funds maintained by the District are the Food Service and Student/School Activity Special Revenue Funds.

Debt Service Funds—Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt (bonds, notes, loans, leases, and school bond loan) principal, interest, and related costs.

Capital Projects Funds—Capital Projects Funds are used to record bond proceeds, property tax revenues or other revenues and the disbursement of monies specifically designated for acquiring new school sites, buildings, equipment and for major remodeling and repairs. The funds are retained until the purpose for which the funds were created has been accomplished.

The 2016 Construction Capital Projects Fund includes capital project activities funded with a sinking fund millage; the District has complied with the applicable provisions of Section 1212 (I) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted as they are needed.

4. Budgets and Budgetary Accounting

State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act) requires that the General Fund of a school district be under budgetary control and that both budgeted and actual financial results do not incur a deficit. Ewen-Trout Creek Consolidated School District has also adopted budgets for its Special Revenue Funds. A school district's General Appropriations Resolution (the "budget") must be adopted before the beginning of each fiscal year. No violations (dollar deviations) from a district's budget may occur without a corresponding amendment to the budget. A school district has the ability to amend the budget provided that the amendment is prior to the occurrence of the deviation and prior to the fiscal year end. A school district may also permit the chief administrative or fiscal officer to execute transfers between line items, within defined dollar or percentage limits, without prior approval of the Board of Education. Expenditures may not legally exceed budgeted appropriations at the function level. All appropriations lapse at the end of the fiscal year.

Ewen-Trout Creek Consolidated School District utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- Starting in the spring, District administrative personnel and department heads work with the Superintendent to establish proposed operating budgets for the fiscal year commencing the following July 1.

- In June, preliminary operating budgets are submitted to the Board of Education. These budgets include proposed expenditures and the means of financing them.

- Prior to June 30, a public hearing is held to obtain taxpayer comments on the proposed budgets.

- After the budgets are finalized, the Board of Education adopts an appropriations resolution setting forth the amount of the proposed expenditures and the sources of revenue to finance them.

- The original General and Food Service Special Revenue Funds budgets were amended during the year in compliance with State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act).

- Budgets for the General, Student/School Activities and Food Service Special Revenue Funds were adopted on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

5. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budget integration in the governmental funds. There were no substantial encumbrances outstanding at year end.

6. Investments

Investments are recorded at fair value. Investment income is composed of interest and net changes in the fair value of applicable investments.

7. Inventories and Prepaid Items

Inventories are valued at cost (first-in, first-out). Inventories of the Food Service Fund consist of food and other nonperishable supplies. Disbursements for inventory-type items are recorded as expenditures at the time of use for each fund. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the district-wide and fund financial statements. The cost of prepaid items is recorded as expenses/expenditures when consumed rather than when purchased.

8. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, vehicles and furniture and equipment, are reported in the district-wide financial statements. Assets having a useful life in excess of one year and whose costs exceed $5,000 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at fair value at the date of donation.

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

Land improvements, buildings and improvements, vehicles, and furniture and equipment are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	10 - 20 years
Buildings and improvements	40 - 50 years
Furniture and equipment	3 - 10 years
Vehicles	5 - 10 years

9. Long-term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable is reported at the total amount of bonds issued.

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

10. Early Retirement Incentive/Accumulated Sick Leave

Early retirement incentive and accumulated sick leave at June 30, 2021 has been computed and recorded in the district-wide financial statements of the District. Eligible District employees who retire are entitled to a termination leave payment based on their age and years of service. Employees who leave the District are also entitled to reimbursement for a portion of their unused sick days. At June 30, 2021, the accumulated liabilities for accumulated sick leave, including salary related payments (expected to be financed by General Fund revenues), amounted to $36,223.

11. Retirement Plan

Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions,* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, were implemented by the District during the fiscal year ended June 30, 2015. These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, the Statements identify the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Cost sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans - pension plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

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

12. Postemployment Benefits Other Than Pensions

Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was implemented by the District during the fiscal year ended June 30, 2018. This Statement establishes standards for recognizing and measuring (OPEB) liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB plans, the Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about OPEB are also addressed. Distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet specific criteria. Cost-sharing employers are those whose employees are provided with defined benefit OPEB through cost-sharing multiple-employer OPEB plans-OPEB plans in which the OPEB obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides OPEB through the OPEB plan.

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

13. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has two such items that qualify for reporting in this category: the deferred outflows relating to the recognition of net pension liability on the financial statements and the deferred outflows relating to the recognition of the net OPEB liability on the financial statements.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has two types of items that qualify for reporting in this category: the deferred inflows of resources relating to the recognition of net pension liability on the financial statements and the deferred inflows of resources relating to the recognition of net OPEB liability on the financial statements.

14. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition or construction of those assets. Net position is reported as restricted when there are limitations imposed on their use either through legislation or through external restrictions imposed by creditors, grantors, laws, or regulations from other governments.

15. Fund Balance

The District has adopted Governmental Accounting Standards Board (GASB) Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. The stated objective of GASB Statement No. 54 is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds, detailed as follows:

- Nonspendable – resources that cannot be spent because they are either (a) not in spendable form (inventories and prepaid amounts) or (b) legally or contractually required to be maintained intact (the principal of a permanent fund).

- Restricted – resources that cannot be spent because of (a) constraints externally imposed by creditors (debt covenants), grantors, contributors, or laws or regulations or (b) imposed by law through constitutional provisions or enabling legislation and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

- Committed – resources that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (Board of Education). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified uses by taking the same type of action it employed to previously commit those amounts. Committed fund balance does not lapse at year end.

- Assigned - resources that are constrained by the government's *intent* to be used for specific purposes but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body or official to which the governing body has designated the authority to assign amounts to be used for specific purposes. Assigned fund balance does not lapse at year end.

- Unassigned - unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

As Ewen-Trout Creek Consolidated School District has not established a policy for its use of unrestricted fund balance amounts, it considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

16. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses.

17. Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note B - Cash Equivalents and Investments

The State of Michigan allows a political subdivision to authorize its Treasurer or other chief fiscal officer to invest surplus funds belonging to and under the control of the entity as follows:

- Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State.

- Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this State under the laws of this State or the United States.

- Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of the purchase.

- Securities issued or guaranteed by agencies or instrumentalities of the United States government.

- United States government or Federal agency obligation repurchase agreements.

- Banker's acceptances issued by a bank that is a member of the Federal Deposit Insurance Corporation.

- Mutual funds composed entirely of investment vehicles which are legal for direct investment by a school district in Michigan.

- Investment pools, as authorized by the surplus funds investment pool act, Act No. 367 of the Public Acts of 1982, being sections 129.11 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a school district in Michigan.

Balances at June 30, 2021 related to cash equivalents are detailed in the Basic Financial Statements as follows:

Statement of Net Position:	
Governmental activities	$ 599,627

Cash Equivalents

Depositories actively used by the District during the year are detailed as follows:

1. Gogebic Range Bank
2. Settlers Federal Credit Union

Cash equivalents consist of bank checking and savings accounts.

June 30, 2021 balances are detailed as follows:

Cash equivalents	$ 599,627

Custodial Credit Risk as Related to Cash Equivalents
Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to the District. Protection of District cash equivalents is provided by the Federal Deposit Insurance Corporation and the National Credit Union Administration. At year end, the carrying amount of the District's cash equivalents was $599,627 and the bank balance was $618,973. Of the bank balance, $561,730 was covered by federal depository insurance and $57,243 was uninsured and uncollateralized.

Investments

As of June 30, 2021, the District had no surplus funds that were classified as investments. The District's policies to minimize investment risk are as follows:

Custodial Credit Risk Related to Investments
Custodial credit risk is the risk that, in the event of a failure of the counterparty, the District may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a policy for investment custodial credit risk. At June 30, 2021, the District had no investments that were subject to custodial credit risk.

Credit Risk
Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investment policy does not have specific limits on investment credit risk.

Interest Rate Risk
Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates. The District's investment policy does not have specific limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk
Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District's investment policy does not have specific limits on concentration of credit risk.

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

Note C - State School Aid/Property Taxes

On March 15, 1994, the voters of the State of Michigan approved Proposal A, which increased the State Sales and Use Tax rates from 4% to 6% and established a State Education Tax at a rate of 6 mills on all property, except that which is exempt by law from ad valorem property taxes, and dedicated the additional revenues generated to Michigan school districts.

These additional State revenues pass through to Michigan school districts in the form of a per pupil "Foundation Allowance" paid on a "blended count" of District pupil membership in February 2020 and October 2020. The 2020-21 "Foundation Allowance" for Ewen-Trout Creek Consolidated School District was $8,111 for 184 "Full Time Equivalent" students, generating $542,111 in State aid payments to the District, of which $98,722 was paid to the District in July and August 2021 and included in "Due From Other Governmental Units" of the General Fund and the Food Service Special Revenue Fund of the District.

Property taxes for the District are levied July 1 and December 1 (the tax lien dates) under a split-levy system by the Townships of Duncan, Bergland, Haight, Interior, Matchwood, McMillan, and Stannard, and due 75 days after the levy date. The taxes are then collected by each governmental unit and remitted to the District. The County of Houghton and Ontonagon, through its Delinquent Tax Revolving Fund, advances all delinquent real property taxes at March 1 to the District each year prior to June 30.

Section 1211(1) of 1993 PA 312 states that beginning in 1994, the board of a school district shall levy not more than 18 mills, if approved by voters, for school operating purposes, or the number of mills levied in 1993, whichever is less, on non-homestead property only, in order to be eligible to receive funds under the State School Aid Act of 1979. After 1996, electors may approve a 3 mill "Local Enhancement Millage" which must be shared between all local districts in each respective county intermediate district.

Though Ewen-Trout Creek Schools' electors previously (March 2016) approved a ten-year operating millage extension, due to Headlee rollbacks only 18 mills of non-homestead property tax was levied in the District for 2020.

The District levied 6.3 mills for debt service purposes, applied on all taxable property in the District.

Taxable property in the District is assessed initially at 50% of true cash value by the assessing officials of the various units of government that comprise the District. These valuations are then equalized by the county and finally by the State of Michigan, generating the State Equalized Valuation. Taxable valuation increases will be limited, or capped (known as capped valuation), at 5% or the rate of inflation, whichever is less. With the implementation of Proposal A and Public Act 36, taxable property is now divided into two categories: PRE and NPRE.

A principal residence exemption property (PRE) is exempt from the 18 mill "School Operating" tax. It is not exempt from the 6 mill "State Education" tax, any voted "Local Enhancement Millage" nor any additional voted millage for the retirement of debt.

Non-principal residence exemption property (NPRE) is subject to all District levies. However, since Public Act 36, establishing the Michigan Business Tax, was signed into law, Public Acts 37-40 of 2007 now exempt Industrial Personal Property from the 6 mill State Education Tax and up to 18 mills of local school district operating millage (includes property under Industrial Facilities Tax exemptions); and exempt Commercial Personal Property from up to 12 mills of local school district operating millage (exceptions may apply).

The District is not subject to tax abatements granted by any counties within the District, with local businesses under the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption) PA 198 of 1974, as amended, provides a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assists in the building of new facilities, and promotes the establishment of high-tech facilities. An Industrial Facilities Exemption (IFE) certificate entitles the facility to exemption from ad valorem real and/or personal property taxes for a term up to 12 years as determined by the local unit of government. The agreements entered into by each local unit include claw back provisions should the recipient of the tax abatement fail to fully meet its commitments, such as employment levels and timeliness for relocation. The tax abated property taxes are calculated by applying half the local property tax millage rate on the total IFT taxable value. This amounts to a reduction in property tax revenue of approximately 50%.

For the year ended June 30, 2021, there were no businesses located within the Ewen-Trout Creek School District boundaries with an active IFE certificate.

Note D -Interfund Receivables/Payables and Transfers

Amounts due from/to other funds representing unreimbursed expenditures at June 30, 2021 are detailed as follows:

	Due From	Due To
Major Fund		
General Fund:		
Special Revenue Fund:		
Food Service Fund	$ 27,312	$ 4,737
Nonmajor Funds		
Special Revenue Fund:		
Food Service Fund:		
General Fund	4,737	27,312
Total All Funds	$ 32,049	$ 32,049

Amounts transferred in/out of funds representing at June 30, 2021 are detailed as follows:

	Transfers In	Transfers Out
Major Fund		
General Fund:		
Special Revenue Fund:		
Food Service Fund	$ -	$ 15,309
Nonmajor Funds		
Special Revenue Fund:		
Food Service Fund:		
General Fund	15,309	-
Debt Service Fund:		
2016 Debt Fund:		
2016 Capital Projects Fund	14	-
Capital Projects Fund:		
2016 Capital Projects:		
2016 Debt Fund	-	14
Total Nonmajor Funds	15,323	14
Total All Funds	$ 15,323	$ 15,323

Note E - Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	Balances July 1, 2020	Additions	Deductions	Balances June 30, 2021
Capital assets not being depreciated:				
Land	$ 3,500	$ -	$ -	$ 3,500
Capital assets being depreciated:				
Land improvements	309,244	$ -	$ -	309,244
Buildings and improvements	12,850,355	-	-	12,850,355
Furniture and equipment	507,086	23,959	1,648	529,397
Vehicles	732,673	6,000	-	738,673
Total capital assets being depreciated	14,399,358	$ 29,959	$ 1,648	14,427,669
Less accumulated depreciation for:				
Land improvements	295,578	$ 1,518	$ -	297,096
Buildings and improvements	4,044,475	257,007	-	4,301,482
Furniture and equipment	443,282	11,934	1,648	453,568
Vehicles	506,323	48,804	-	555,127
Total accumulated depreciation	5,289,658	$ 319,263	$ 1,648	5,607,273
Total capital assets being depreciated, net	9,109,700			8,820,396
Net Capital Assets	$ 9,113,200			$ 8,823,896

Depreciation expense for the District was $319,263. The District determined that it was impractical to allocate depreciation to various governmental activities as the assets serve multiple functions.

Note F - Long-term Obligations

Changes in long-term obligations for the year ended June 30, 2021 are summarized as follows:

	Debt Outstanding July 1, 2020	Debt Added	Debt Retired	Debt Outstanding June 30, 2021
General obligation bonds:				
November 27, 2012	$ 1,940,000	$ -	$ 410,000	$ 1,530,000
March 17, 2016	3,975,000	-	195,000	3,780,000
Accumulated sick leave	32,506	6,104	2,387	36,223
	$ 5,947,506	$ 6,104	$ 607,387	$ 5,346,223

Long-term bonds and other obligations at June 30, 2021 are comprised of the following:

	Final Maturity Dates	Interest Rates	Outstanding Balance	Amount Due Within One Year
General Obligation Bonds				
Serial Bonds:				
$4,530K 2012 Refunding:				
Annual maturities of $360K to $400K	May 1, 2025	2.0 - 2.35	$ 1,530,000	$ 400,000
$4,490K 2016 General Obligation:				
Annual maturities of $220K to $570K	May 1, 2030	2.0 - 3.0	3,780,000	220,000
Other Obligations				
Accumulated sick pay			36,223	5,000
			$ 5,346,223	$ 625,000

The annual requirements to pay principal and interest on long-term bonds and installment purchase agreements outstanding are as follows:

Year Ending June 30	Principal	Interest	Total
2022	$ 620,000	$ 139,445	$ 759,445
2023	635,000	127,045	762,045
2024	650,000	113,760	763,760
2025	655,000	99,810	754,810
2026	530,000	82,500	612,500
2027	540,000	66,600	606,600
2028	550,000	50,400	600,400
2029	560,000	33,900	593,900
2030	570,000	17,100	587,100
	$ 5,310,000	$ 730,560	$ 6,040,560

Note G - Retirement Plan

Plan Description

The Michigan Public School Employees' Retirement System (MPSERS) (the "System"), is a cost-sharing, multiple-employer, state-wide, defined benefit public employee retirement system 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 the 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.

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management and 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.

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

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

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. Retirement benefits for DB plan members are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

A DB plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account. 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.

Pension Reform 2010

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

Pension Reform 2012

On September 4, 2012, the Governor signed Public Act 300 of 2012 into law. The legislation grants all active members who first became a member before July 1, 2010 and who earned service credit in the 12 months ending September 3, 2012, or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their pension. Any changes to a member's pension are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after February 1, 2013. Under the reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund.

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

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

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

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

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

Members who did not make an election before the deadline defaulted to Option 3 as described above. Deferred or nonvested public school employees on September 3, 2012, who return to public school employment on or after September 4, 2012, will be considered as if they had elected Option 3 above. Returning members who made the retirement plan election will retain whichever option they chose. Employees who first work on or after September 4, 2012, choose between two retirement plans: the Pension Plus plan described above and a Defined Contribution (DC) plan that provides a 50% employer match (up to 3% of salary) on employee contributions. New employees are automatically enrolled as members in the Pension Plus plan as of their date of hire. They have 75 days from the last day of their first pay period, as reported to ORS, to elect to opt out of the Pension Plus plan and become a qualified participant in the DC plan; if no election is made they will remain in the Pension Plus plan. If they elect to opt out of the Pension Plus plan, their participation in the DC plan will be retroactive to their date of hire.

Pension Reform of 2017

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

Regular Retirement

The retirement benefit for DB and Pension Plus plan members is based on a member's years of credited service (employment) and final average compensation (FAC). The FAC is calculated based on the member's highest total wages earned during a specific period of consecutive calendar months divided by the service credit accrued during that same time period. For a Member Investment Plan (MIP) member, who became a member of MPSERS prior to July 1, 2010, the averaging period is 36 consecutive months. For a Pension Plus member, who became a member of MPSERS after June 30, 2010, the averaging period is 60 consecutive months. For a Basic Plan member, this is the 60 consecutive months yielding the highest total wages. The annual pension is paid monthly for the lifetime of a retiree. The calculation of a member's pension is determined by their pension election under PA 300 of 2012 and is shown below:

Option 1: FAC x total years of service x 1.5%
Option 2: FAC x 30 years of service x 1.5% + FAC x years of service beyond 30 x 1.25%
Option 3: FAC x years of service as of transition date x 1.5% + FAC x years of service after transition date x 1.25%
Option 4: FAC as of transition date x years of service as of transition date x 1.5%

A MIP member who became a member of MPSERS prior to July 1, 2010 may retire at:

- age 46 with 30 or more years of credited service; or
- age 60 with 10 or more years of credited service; or
- age 60 with 5 years of credited service provided the member has worked through his or her 60th birthday and has credited service in each of the five school fiscal years immediately preceding the retirement effective date.

A Pension Plus member may retire at age 60 with 10 or more years of credited service.

A Pension Plus 2 member may retire at age 60 with 10 or more years of credited service. Section 81c(5) of PA 300 as amended requires the regular retirement age to be increased in whole year increments based on the results of mortality analysis five-year actuarial experience studies performed after October 1, 2019 and the actuarial funding status of the plan. If the regular retirement age for Pension Plus 2 members is increased in accordance with this provision, members within five years of retirement from the effective date of the increase are automatically exempted and the retirement board may additionally authorize those between five and eight years of the then current retirement age to be exempted.

A Basic Plan member may retire at:

- age 55 with 30 or more years of service; or
- age 60 with 10 or more years of service.

There is no mandatory retirement age.

Early Retirement

A MIP or Basic member may retire with an early permanently reduced pension:

- after completing at least 15 but less than 30 years of credited service; and
- after attaining age 55; and
- with credited service in each of the 5 school years immediately preceding the pension effective date.

The early pension is computed in the same manner as a regular pension, but is permanently reduced 0.5% for each full and partial month between the pension effective date and the date the member will attain age 60.

Deferred Retirement

If a member terminates employment before attaining the age qualification, but after accruing 10 or more years of credited service, the member becomes a deferred member and is eligible for a pension at the time the age qualification is attained.

Non-Duty Disability Benefit

A member with 10 or more years of credited service who becomes totally and permanently disabled due to any non-duty related cause and who has not met the age requirement for a regular pension is eligible for a non-duty disability pension computed in the same manner as an age and service pension, upon recommendation from the member's personal physician and the Retirement Board physician and the approval of the Retirement Board. An Annual Certification of Disability is conducted each January. Upon prior approval, total disability benefits plus authorized outside earnings are limited to 100% of final average compensation (increased by 2% for each year retired; first year 100%, next year 102%, etc.).

Duty Disability Benefit

A member who becomes totally and permanently disabled as a result of a duty-related cause, who has not met the age and service requirement for a regular pension, and who is in receipt of weekly workers' compensation is eligible for a duty disability pension computed in the same manner as an age and service pension (but based upon a minimum of 10 years of service) upon recommendation from the member's personal physician and the Retirement Board physician and the approval of the Retirement Board. An Annual Certification of Disability is conducted each January. Upon prior approval, total disability benefits plus authorized outside earnings are limited to 100% of final average compensation (increased by 2% for each year retired; first year 100%, next year 102%, etc.).

Pension Payment Options

The election of a pension option is made at the time of application. Once a member has retired, the option choice is irrevocable. The pension effective date is the first of the calendar month following the date the member has satisfied the age and service requirements, has terminated public school employment and has the completed application forms on file with the System for a period of 15 days. A retroactive pension can be paid for no more than 12 calendar months. Thus, delay in filing the application can result in a loss of some retroactive pension benefits. An applicant may select only one of the following options.

Straight Life Pension – the Straight Life Pension pays the largest level pension a retiree can receive during his or her lifetime and stops with the month of the retiree's death. There are no monthly benefits for a beneficiary. The pension benefit is computed with no beneficiary rights. If the retiree made contributions while an employee and has not received the total accumulated contributions before death, a refund of the balance of the contributions is made to the beneficiary of record. If the retiree did not make any contributions, there will not be payments to any beneficiaries.

Survivor Options - Under the Survivor Options, 100% Survivor Pension, 100% Equated, 75% Survivor Pension, 75% Equated, 50% Survivor Pension and 50% Equated, the reduction is an actuarial determination dependent upon the combined life expectancies of a retiree and a beneficiary, and varies from case to case. A beneficiary may only be a spouse, brother, sister, parent or child (including an adopted child) of a retiring member. If the beneficiary predeceases a retiree, the pension will revert to either the Straight Life or Straight Life Equated amount ("pop-up" provision). If, however, a retiree was single at the time of retirement and subsequently married, the retiree can request to nominate a new spouse if they elected the straight life option at retirement. Also, if a retiree was married at the time of retirement and has since been widowed and remarried, the retiree can request to nominate a new spouse as a pension beneficiary as long as they elected a survivor option for the spouse at the time of retirement.

100% Survivor Pension – pays a reduced pension to a retiree. The month after a retiree's death, the same amount will be paid to a designated beneficiary for the remainder of his or her lifetime.

75% Survivor Pension – pays a reduced pension to a retiree. The month after a retiree's death, 75% of the pension amount will be paid to a designated beneficiary for the remainder of his or her lifetime.

50% Survivor Pension – pays a reduced pension to a retiree. The month after a retiree's death, 50% of the pension amount will be paid to a designated beneficiary for the remainder of his or her lifetime.

Equated Plan – For MIP and Basic members, the Equated Plan may be combined with the Straight Life, 100% Survivor, 75% Survivor, or 50% Survivor pension by any member under age 61, except a disability applicant. The Equated Plan provides a higher pension every month until age 62, at which time the monthly pension is permanently decreased to a lower amount than the Straight Life, 100%, 75%, or 50% Survivor alone would provide.

The intent of the Equated Plan is for the retiree's pension to decrease at age 62 by approximately the same amount as that person's Social Security benefit will provide. The System pension until age 62 should be about the same as the combined System pension and Social Security after age 62.

The projected Social Security pension the retiring member obtains from the Social Security Administration and furnishes to the System is used in the Equated Plan calculation. The actual Social Security pension may vary from the estimate.

NOTE: The reduction in the pension at age 62 pertains to the Equated Plan only and affects only the retiree. A beneficiary under 100% Equated, 75% Equated or 50% Equated will receive the 100%, 75%, or 50% Survivor amount the month following the retiree's death as if the Equated Plan had not been chosen. A beneficiary does not participate in the Equated Plan.

Survivor Benefit

A non-duty survivor pension is available if a Member Investment Plan (MIP) member has 10 years of credited service or, if age 60 or older, with five years of credited service; the date they became a MIP member does not matter. The Basic Plan provides a survivor pension with 15 years of credited service or, if age 60 or older, with 10 years of credited service. An active member may nominate as a survivor beneficiary a spouse, child(ren) (including adopted child(ren)), brother, sister, or parent. If other than the spouse is nominated and a spouse exists, the spouse must waive this benefit. If no beneficiary has been nominated, the beneficiary is automatically the spouse; or, if there is no spouse, unmarried children under age 18 share the benefit equally until age 18. The benefit is computed as a regular pension but reduced in accordance with an Option 2 (100% survivor pension factor). The pension begins the first of the month following the member's death. In the event of death of a deferred member, the System begins payment to the nominated beneficiary at the time the member would have attained the minimum age qualification.

A duty survivor pension is payable if weekly Workers' Compensation is being paid to the eligible beneficiary due to the member's death. A spouse receives the benefit (based on a minimum of 10 years of service credit) reduced in accordance with a 100% survivor pension factor. If there is no spouse, unmarried children under age 18 share the benefit equally until age 18; if there is no spouse or child(ren), a disabled and dependent parent is eligible.

Postemployment Adjustments

A retiree who became a Member Investment Plan (MIP) member prior to July 1, 2010, receives an annual post-retirement non-compounded increase of 3% of the initial pension in the October following twelve months of retirement. Basic Plan members do not receive an annual post-retirement increase, but are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions. Pension Plus members do not receive an annual post-retirement increase.

On January 1, 1990, pre-October 1, 1981 retirees received an increase that ranged from 1% to 22% dependent upon the pension effective date. On October 1, 1990, the base pension of all retirees with an effective pension date of January 1, 1987, or earlier was increased to include all prior post-retirement adjustments.

On January 1, 1986, all recipients through calendar year 1985 received a permanent 8% increase that established the 1986 base pension. In addition, each October, retirees with a pension effective date of January 1, 1987, or earlier receive a fixed increase equal to 3% of the base pension. Both increases are deducted from the distribution of excess investment income, if any. Beginning in 1983, eligible recipients receive an annual distribution of excess investment income, if any.

Contributions and Funded Status

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, 2019 valuation will be amortized over a 19-year period beginning October 1, 2019 and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for the plan fiscal year 2020.

Pension Contribution Rates:

Plan Name	**Member**	**District**
Basic	0.0 - 4.0%	19.41%
Member Investment Plan (MIP)	3.0 - 7.0%	19.41%
Pension Plus	3.0 - 6.4%	16.46%
Pension Plus 2	6.2%	19.59%
Defined Contribution	0.0%	13.39%

The District's contributions to MPSERS under all pension plans for the year ended June 30, 2021, inclusive of the MSPERS UAAL Stabilization, totaled $352,187.

MPSERS Plan Net Pension Liability (in thousands)

Total Pension Liability	$ 86,490,336
Plan Fiduciary Net Position	51,456,228
Net Pension Liability	$ 35,034,108
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	59.49%
Net Pension Liability as a Percentage of Covered Employee Payroll	385.51%
Total Covered Payroll	$ 9,087,724

Proportionate Share of Reporting Unit's Net Pension Liability

At June 30, 2021, the District reported a liability of $4,127,056 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2019. 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 the pension contributions required from all applicable employers during the measurement period. At September 30, 2020 the District's proportion was 0.01201434%, which was a decrease from 0.01246000% at September 30, 2019.

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

For the year ended June 30, 2021, the District recognized pension expense of $558,485. At June 30, 2021, 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
Difference between expected and actual experience	$ 63,058	$ 8,809
Changes of assumptions	457,318	–
Net difference between projected and actual earnings on pension plan investments	17,340	–
Changes in proportion and differences between District contributions and proportionate share of contributions	920	131,848
District contributions subsequent to the measurement date*	337,380	–
Total	$ 876,016	$ 140,657

* This amount, reported as deferred outflows of resources related to pensions resulting from District 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 reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	Amount
2022	$ 199,051
2023	128,654
2024	55,837
2025	14,437

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

Valuation Date:	September 30, 2019
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 (Hybrid):	6.80% net of investment expenses
Pension Plus 2:	6.00% net of investment expenses
Projected Salary Increases:	2.75% - 11.55%, including wage inflation of 2.75%
Cost-of-Living 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:	RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Disabled Retirees:	RP-2014 Male and Female Disabled Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

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, 2017 valuation. The total pension liability as of September 30, 2020, is based on the results of an actuarial valuation date of September 30, 2019, 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: [4.4892 for non-university employers].

- Recognition period for assets in years: 5.0000.

- Full actuarial assumptions are available in the 2020 MPSERS Comprehensive Annual Financial Report found on the ORS website at (www.michigan.gov/orsschools).

Long-Term Expected Rate of Return on Investments

- 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, 2020 are summarized in the following table:

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

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

Rate of Return

For the fiscal year ended September 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.37%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changed 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 the 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 point higher:

	1% Decrease 5.8%/5.8%/5.0%	Current Single Discount Rate Assumption 6.8%/6.8%/6.0%	1% Increase 7.8%/7.8%/7.0%
District's proportionate share of the net pension liability	$ 5,341,775	$ 4,127,056	$ 3,120,326

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

Detailed information about the pension plan's fiduciary net position is available in the separately issued Michigan Public School Employees' Retirement System September 30, 2020 Comprehensive Annual Financial Report, available here: (www.michigan.gov/orsschools).

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

Payables to the pension plan totaling $52,781 at June 30, 2021 arise from the normal legally required contributions based on the accrued salaries payable at year end, expected to be liquidated with expendable available financial resources.

Note H - Other Postemployment Benefits

Plan Description

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

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

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

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

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.

Retiree Healthcare Reform of 2012

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

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

Contributions and Funded Status

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, 2019 valuation will be amortized over a 19-year period beginning October 1, 2019 and ending September 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for fiscal year ended September 30, 2020:

OPEB Contribution Rates:

Benefit Structure	Member	District
Premium Subsidy	3.0%	8.09%
Personal Healthcare Fund (PHF)	0.0%	7.57%

Required contributions to the OPEB plan from the District were $86,287 for the year ended September 30, 2020.

Net OPEB Liability (in thousands)

Total OPEB Liability	$ 13,418,548
Plan Fiduciary Net Position	8,019,027
Net OPEB Liability	$ 5,399,521
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	59.76%
Net OPEB Liability as a Percentage of Covered Employee Payroll	59.42%
Total Covered Payroll	$ 9,087,724

Proportionate Share of Reporting Unit's Net OPEB Liability

At June 30, 2021, the District reported a liability of $638,826 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2019. 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, 2020 the District's proportion was 0.01192447%, which was a decrease from 0.01234000% at September 30, 2019.

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

For the year ended June 30, 2021, the District recognized OPEB credit of $28,853. At June 30, 2021, 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
Difference between expected and actual experience	$ –	$ 475,985
Changes of assumptions	210,634	–
Net difference between projected and actual earnings on OPEB plan investments	5,332	–
Changes in proportion and differences between District contributions and proportionate share of contributions	2,530	51,252
District contributions subsequent to the measurement date*	80,270	–
Total	$ 298,766	$ 527,237

* This amount, reported as deferred outflows of resources related to OPEB resulting from District 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 as follows:

Year ended June 30	Amount
2022	$ (81,800)
2023	(74,356)
2024	(62,918)
2025	(50,955)
2026	(38,712)

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, 2019
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.95% net of investment expense
Projected Salary Increases:	2.75% - 11.55%, including wage inflation of 2.75%
Healthcare Cost Trend Rate:	7.0% Year 1 graded 3.5% Year 15; 3.0% Year 12
Mortality:	
Retirees:	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Active Members:	RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Disabled Retirees:	RP-2014 Male and Female Disabled Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Other Assumptions:

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

Notes:

- Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual OPEB valuations beginning with the September 30, 2017 valuation. The total OPEB liability as of September 30, 2020, is based on the results of an actuarial valuation date of September 30, 2019, 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: [5.6018 for non-university employers].

- Recognition period for assets in years: 5.0000.

- Full actuarial assumptions are available in the 2020 MPSERS Comprehensive Annual Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Rate of Return on Investments

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, 2020, are summarized in the following table:

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

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

Rate of Return

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

Discount Rate

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

	1% Decrease 5.95%	Current Discount Rate 6.95%	1% Increase 7.95%
District's proportionate share of the net OPEB liability	$ 820,644	$ 638,826	$ 485,750

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 the 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
District's proportionate share of the net OPEB liability	$ 479,889	$ 638,826	$ 819,597

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2020 MPSERS CAFR, available on the ORS website at www.michigan.gov/orsschools.

Payables to the OPEB Plan

Payables to the OPEB plan totaling $10,798 at June 30, 2021 arise from the normal legally required contributions based on the accrued salaries payable at year end, expected to be liquidated with expendable available financial resources.

Note I - Risk Management and Benefits

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The District has purchased commercial insurance for property loss, errors and omissions, workers' compensation, health benefits, and dental and vision benefits provided to employees. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

There were no significant reductions in insurance coverage in fiscal 2020-21, and as of year ended June 30, 2021, there were no material pending claims against the District.

Note J - Stewardship, Compliance and Accountability

The District has an unrestricted net position deficit of $3,894,433, and a total net position deficit of $177,986 as of June 30, 2021. These deficit net positions result primarily from the net pension liability of $3,391,697 and the net OPEB liability of $867,297 (net of deferred outflows and inflows of resources related to the pension and OPEB plans, respectively).

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REQUIRED SUPPLEMENTARY INFORMATION

Ewen-Trout Creek Consolidated School District
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
MPSERS Cost-sharing Multiple-employer Plan
June 30, 2021

	Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019
District's proportion of the net pension liability	0.01201434%	0.01246000%	0.01266000%
District's proportionate share of the net pension liability	$ 4,127,056	$ 4,127,913	$ 3,803,633
District's covered-employee payroll	$ 1,064,736	$ 1,080,638	$ 1,086,932
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	387.61%	381.99%	349.94%
Plan fiduciary net position as a percentage of the total pension liability	59.72%	60.31%	62.36%

The amounts presented for each fiscal year were determined as of September 30 of the preceding year.

Note: GASB Statement No 68 was implemented in fiscal year 2015. This schedule is being built prospectively Ultimately, 10 years of data will be presented.

See accompanying notes to required supplementary information.

Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015
0.01268000%	0.01270000%	0.01273000%	0.01184000%
$ 3,284,890	$ 3,169,275	$ 3,111,301	$ 2,608,141
$ 1,057,395	$ 1,078,932	$ 1,095,761	$ 1,016,731
310.66%	293.74%	283.94%	256.52%
64.24%	63.27%	63.17%	66.20%

Ewen-Trout Creek Consolidated School District
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net OPEB Liability
MPSERS Cost-sharing Multiple-employer Plan
June 30, 2021

	Year Ended June 30, 2021	Year Ended June 30, 2020
District's proportion of the net OPEB liability	0.01192447%	0.01234000%
District's proportionate share of the net OPEB liability	$ 638,826	$ 885,410
District's covered-employee payroll	$ 1,064,736	$ 1,080,638
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	60.00%	82.12%
Plan fiduciary net position as a percentage of the total OPEB liability	59.44%	48.46%

The amounts presented for each fiscal year were determined as of September 30 of the preceding year.

Note: GASB Statement No 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

See accompanying notes to required supplementary information.

Year Ended June 30, 2019	Year Ended June 30, 2018
0.01271000%	0.01269000%
$ 1,010,476	$ 1,124,125
$ 1,086,932	$ 1,057,395
93.35%	106.31%
42.95%	36.39%

Ewen-Trout Creek Consolidated School District
Required Supplementary Information
Schedule of District Pension Contributions
MPSERS Cost-sharing Multiple-employer Plan
June 30, 2021

	Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019
Contractually required contribution	$ 352,187	$ 193,693	$ 188,233
Contributions in relation to the contractually required contribution	352,187	193,693	188,233
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered-employee payroll	$ 1,052,750	$ 1,078,065	$ 1,068,079
Contributions as a percentage of covered employee payroll	33.45%	17.97%	17.62%

Note: GASB Statement No 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

See accompanying notes to required supplementary information.

Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015
$ 195,427	$ 192,001	$ 199,243	$ 226,980
195,427	192,001	199,243	227,494
$ -	$ -	$ -	$ 514
$ 1,106,484	$ 1,024,988	$ 1,064,148	$ 1,032,660
17.66%	18.73%	18.72%	22.03%

Ewen-Trout Creek Consolidated School District
Required Supplementary Information
Schedule of District OPEB Contributions
MPSERS Cost-sharing Multiple-employer Plan
June 30, 2021

	Year Ended June 30, 2021	Year Ended June 30, 2020
Contractually required contribution	$ 86,287	$ 84,993
Contributions in relation to the contractually required contribution	86,287	84,993
Contribution deficiency (excess)	$ -	$ -
District's covered-employee payroll	$ 1,052,750	$ 1,078,065
Contributions as a percentage of covered employee payroll	8.20%	7.88%

Note: GASB Statement No 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

See accompanying notes to required supplementary information.

Year Ended June 30, 2019	Year Ended June 30, 2018
$ 82,948	$ 80,135
82,948	80,135
$ -	$ -
$ 1,068,079	$ 1,106,484
7.77%	7.24%

Note A - Net Pension Liability and Contributions

Changes of benefit terms: There were no changes of benefit terms in 2020-21.

Changes of assumptions: There were no changes of benefit assumptions in 2020-21.

Note B - Net OPEB Liability and Contributions

Changes of benefit terms: There were no changes of benefit terms in 2020-21.

Changes of assumptions: There were no changes of benefit assumptions in 2020-21.

SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

Ewen-Trout Creek Consolidated School District
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2021

	Special Revenue		Debt Service
	Food Service	Student/School Activity	2016
Assets			
Cash equivalents, deposits and investments	$ 18,755	$ 69,772	$ 90,906
Due from other funds	4,737	-	-
Due from other governmental units	7,532	-	319
Inventory	891	-	-
Prepaid expenditures	1,310	-	-
Total Assets	$ 33,225	$ 69,772	$ 91,225
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$ 1,510	$ -	$ -
Due to other funds	27,312	-	-
Salaries payable	7,007	-	-
Unearned revenue	1,579	-	-
Total Liabilities	37,408	-	-
Fund Balances			
Nonspendable	2,201	-	-
Restricted	-	69,772	91,225
Unassigned	(6,384)	-	-
Total Fund Balances	(4,183)	69,772	91,225
Total Liabilities and Fund Balances	$ 33,225	$ 69,772	$ 91,225

Capital Projects 2016 Construction	Total
$ -	$ 179,433
-	4,737
-	7,851
-	891
-	1,310
$ -	$ 194,222
$ -	$ 1,510
-	27,312
	7,007
-	1,579
-	37,408
-	2,201
-	160,997
-	(6,384)
-	156,814
$ -	$ 194,222

Ewen-Trout Creek Consolidated School District
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
For the year ended June 30, 2021

	Special Revenue		Debt Service
	Food Service	Student/School Activity	2016
Revenues			
Local sources:			
Property taxes	$ -	$ -	$ 312,453
Interest earnings	25	-	112
Food sales	269	-	-
Other local revenues	147	42,472	-
Total local sources	441	42,472	312,565
State sources	8,488	-	656
Federal sources	113,437	-	-
Total Revenues	122,366	42,472	313,221
Expenditures			
Current:			
Supporting services	-	36,220	-
Food service	134,769	-	-
Debt service:			
Principal repayment	-	-	195,000
Interest and fiscal charges	-	-	110,652
Total Expenditures	134,769	36,220	305,652
Excess (Deficiency) of Revenues Over Expenditures	(12,403)	6,252	7,569
Other Financing Sources (Uses)			
Transfers in	15,309	-	14
Transfers out	-	-	-
Other	(1,579)		
Total Other Financing Sources (Uses)	13,730	-	14
Net Change in Fund Balances	1,327	6,252	7,583
Fund Balances, Beginning of Year	(5,510)	63,520	83,642
Fund Balances, End of Year	$ (4,183)	$ 69,772	$ 91,225

Capital Projects 2016 Construction	Total
$ -	$ 312,453
5	142
-	269
-	42,619
5	355,483
-	9,144
-	113,437
5	478,064
-	36,220
-	134,769
-	195,000
-	110,652
-	476,641
5	1,423
-	15,323
(14)	(14)
	(1,579)
(14)	13,730
(9)	15,153
9	141,661
$ -	$ 156,814

Ewen-Trout Creek Consolidated School District
Food Service Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2021

	Budget	Actual	Variance
Revenues			
Local sources	$ 428	$ 441	$ 13
State sources	5,189	8,488	3,299
Federal sources	117,446	113,437	(4,009)
Total Revenues	123,063	122,366	(697)
Expenditures			
Current:			
Food service	132,862	134,769	(1,907)
Excess of Revenues Over Expenditures	(9,799)	(12,403)	(2,604)
Other Financing Sources (Uses)			
Transfers in	-	15,309	15,309
Other	-	(1,579)	(1,579)
Total Other Financing Sources (Uses)	-	13,730	13,730
Net Change in Fund Balances	(9,799)	1,327	11,126
Fund Balances, Beginning of Year	(5,510)	(5,510)	-
Fund Balances, End of Year	$ (15,309)	$ (4,183)	$ 11,126

Ewen-Trout Creek Consolidated School District
Student/School Activity Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2021

	Budget	Actual	Variance
Revenues			
Local sources	$ 42,326	$ 42,472	$ 146
Expenditures			
Current:			
Supporting services	90,181	36,220	53,961
Net Change in Fund Balances	(47,855)	6,252	54,107
Fund Balances, Beginning of Year	63,520	63,520	-
Fund Balances, End of Year	$ 15,665	$ 69,772	$ 54,107

<u>INTERNAL CONTROL AND COMPLIANCE</u>

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Where good ideas add up

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*

October 26, 2021

The Board of Education
Ewen-Trout Creek Consolidated School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Ewen-Trout Creek Consolidated School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Ewen-Trout Creek Consolidated School Districts' basic financial statements, and have issued our report thereon dated October 26, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ewen-Trout Creek Consolidated School Districts' 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 Ewen-Trout Creek Consolidated School Districts' internal control. Accordingly, we do not express an opinion on the effectiveness of Ewen-Trout Creek Consolidated School Districts' internal control.

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

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ewen-Trout Creek Consolidated School Districts' 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 financial statements. 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.

Hungerford Nichols

Certified Public Accountants
Grand Rapids, Michigan