ST. JOSEPH PUBLIC SCHOOLS

FINANCIAL REPORT

WITH SUPPLEMENTARY INFORMATION

JUNE 30, 2021

KRUGGEL LAWTON CPA
St. Joseph, MI

ST. JOSEPH PUBLIC SCHOOLS
St. Joseph, Michigan
June 30, 2021

St. Joseph Public Schools
St. Joseph, Michigan
June 31, 2021

KRUGGEL LAWTON CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
St. Joseph Public Schools
St. Joseph, Michigan

Report to the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of St. Joseph Public Schools (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.

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 St. Joseph Public Schools as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Independent Auditor's Report, Concluded

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining nonmajor fund financial statements and the schedule of expenditures of federal awards 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 nonmajor fund financial statements and the statement of expenditures of federal awards 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 20, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Respectfully submitted,

Kruggel, Lawton & Company, LLC

Certified Public Accountants

St. Joseph, Michigan
October 20, 2021

St. Joseph Public Schools, a K-12 District located in Berrien County, Michigan, has adopted the provisions of Governmental Accounting Standards Board Statement 34 ("GASB 34"). The Management's Discussion and Analysis, a requirement of GASB 34, is intended to be discussion and analysis of the financial results for the fiscal year ended June 30, 2021 of the management of St. Joseph Public Schools (the "District").

Generally accepted accounting principles ("GAAP") and GASB 34 requires the reporting of two types of financial statements: District-Wide Financial Statements and Fund Financial Statements.

Fund Financial Statements

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

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual." In the State of Michigan, the District's major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in their relevant funds including: Permanent Funds, Capital Projects Fund, School Service Fund, Debt Service Fund, and the Student Activity Fund.

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

District-Wide Financial Statements

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

The District as Trustee — Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its custodial funds. All of the District's fiduciary activities are reported in separate statements of fiduciary net position. These are excluded activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The Fiduciary Fund account for assets held by the District in a trustee capacity or as an agent for various parent groups and related activities.

Summary of Net Position

The net deficit of the District is summarized in the table below:

	June 30, 2021	June 30, 2020
Assets:		
Cash and cash equivalents	$ 2,769,991	$ 1,839,906
Investments	6,816,130	6,932,431
Receivables	4,624,743	3,995,223
Other assets	108,014	120,617
Net capital assets	58,583,993	59,813,434
Total Assets	$ 72,902,871	$ 72,701,611
Deferred Outflows of Resources:		
Deferred interest charges on bond issuance	$ 1,215,791	$ 1,386,107
Deferred outflows of resources from pensions	12,266,628	15,122,760
Deferred outflows of resources from OPEB	4,298,604	3,896,528
Total Deferred Outflows of Resources	$ 17,781,023	$ 20,405,395
Liabilities:		
Accounts payable and other accrued liabilities	$ 4,667,149	$ 3,758,854
Notes and bonds payable	39,896,231	42,108,024
Net pension liability	55,011,323	52,695,837
Net OPEB liability	8,567,252	11,601,892
Total Liabilities	$ 108,141,955	$ 110,164,607
Deferred Inflows of Resources:		
Deferred inflows of resources from pensions	$ 2,365,106	$ 3,939,937
Deferred inflows of resources from OPEB	6,624,429	4,625,288
Total Deferred Outflows of Resources	$ 8,989,535	$ 8,565,225
Net Position (Deficit):		
Net investment in capital assets	$ 19,903,553	$ 18,013,616
Restricted for:		
Capital projects	2,080,641	3,013,060
Debt service	561,092	631,062
Unrestricted	(48,992,882)	(47,280,564)
Total Net Position (Deficit)	$ (26,447,596)	$ (25,622,826)

Analysis of Financial Position

During fiscal year ended June 30, 2021, the District's net position decreased by $824,770, a few of the significant factors affecting net position during the year are discussed below:

A. **General Operations**
The District's total revenues increased by $2,204,151 for the fiscal year ended June 30, 2021. Total expenses increased by $4,441,085 for the fiscal year ended June 30, 2021. The increase in revenue and expenditures are directly related to increased federal grant funding for COVID and the increased costs associated with the operation of a school district during COVID.

B. **Debt Activity**
The District made principal payments on bonds and note payable long-term debt obligations which reduced the amount of the District's long-term liabilities. Principal payments made during the year ended June 30, 2021 totaled $2,585,000 which reduced the 2010 Series A Bonds, 2013 Refunding Bonds, 2015 Refunding Bonds and the 2016 School Building and Equipment Bond. The 2016 bonds are to be used in all school buildings for technology improvements, safety and security enhancements, and bus purchasing.

The District also made payments on their capital lease payable in the amount of $21,965 during the fiscal year ended June 30, 2021.

C. **Net Investment in Capital Assets**
The District's capital assets, net of accumulated depreciation decreased by $1,229,441 during the year. The net activity for the year is summarized in the following table:

	Beginning Balance	Additions	Deletions and Adjustments and Reclassifications	Ending Balance
Capital Assets	$ 92,612,452	$ 1,371,527	$ (81,000)	$ 93,902,979
Less: accumulated depreciation	(32,799,018)	(2,589,468)	69,500	(35,318,986)
Net investment capital outlay	$ 59,813,434	$ (1,217,941)	$ (11,500)	$ 58,583,993

This year, the District's additions of $1,371,527 included multiple building and land improvements in all of the schools.

Results of Operations

The District-Wide results of operations for the fiscal years ended June 30, is summarized in the table below:

	2021	2020
Revenues:		
General Revenues:		
Property taxes levied for general operations	$ 6,221,383	$ 5,901,737
Property taxes levied for debt service	4,122,375	4,004,341
Property taxes levied for capital projects	1,109,972	1,071,619
State of Michigan unrestricted foundation aid	17,955,323	17,754,828
Interest and investment earnings	13,930	101,792
Other general revenues	145,790	285,536
Total general revenues	$ 29,568,773	$ 29,119,853
Capital Grants and Contributions:		
Capital contributions	$ 19,272	$ 17,380
Total capital grants and contributions	$ 19,272	$ 17,380
Operating Grants and Contributions:		
Federal	$ 2,642,670	$ 764,635
State of Michigan	4,707,741	4,125,563
Other operating grants	1,006,118	688,713
Total operating grants	$ 8,356,529	$ 5,578,911
Charges for Services:		
Food service	$ 16,261	$ 496,148
Student activities	278,197	827,474
Athletics	98,779	151,016
Other charges for services	128,164	71,042
Total charges for services	$ 521,401	$ 1,545,680
Total revenues	$ 38,465,975	$ 36,261,824
Expenses:		
Instruction and instructional support	$ 20,718,185	$ 19,431,260
Support services	11,981,816	8,137,709
Community services	36,533	35,886
Food service	935,073	1,134,114
Student activities	234,154	818,260
Athletics	843,385	888,203
Interest on long-term debt	1,940,631	1,850,488
Loss on asset disposition	11,500	-
Depreciation (unallocated)	2,589,468	2,553,740
Total expenses	$ 39,290,745	$ 34,849,660
Change in Net Position	$ (824,770)	$ 1,412,164
Beginning Net Position	(25,622,826)	(27,034,990)
Ending Net Position	$ (26,447,596)	$ (25,622,826)

State of Michigan Unrestricted Aid (Net State Foundation Grant)

The State of Michigan unrestricted aid is determined by the following variables:

1. State of Michigan State Aid Act per student foundation allowance,

2. Student Enrollment - Blended at 75 percent of the prior year blend and 25 percent of the current year blend (10 percent and 90 percent of the February 2020 and September 2020 student counts, respectively), and

3. The District's non-homestead levy.

Per Student Foundation Allowance

Annually, the State of Michigan sets the per student foundation allowance. The Districts' foundation allowance, paid by the State of Michigan, for the fiscal year 2021 was $8,117 per student was the same as the fiscal year 2020 foundation allowance.

The State of Michigan has announced the per pupil foundation at $8,700 for fiscal year 2021-2022.

Student Enrollment

The District's enrollment increased from the prior year's student count. The following summarizes blended student enrollments in the past five years:

Fiscal Year	Student FTE	FTE Change from Prior Year
2020-2021	2,999	(21)
2019-2020	3,020	21
2018-2019	2,999	36
2017-2018	2,963	(28)
2016-2017	2,991	8

Subsequent to year end June 30, 2021, preliminary student enrollments for 2021-2022 indicate that enrollments have decreased by approximately 23 students.

Property Taxes Levied for General Operations (General Fund Non-Homestead Taxes)

The District levies property taxes for operations (General Fund) of 18 mills on Non-Personal Residence exemption properties and 6 mills on Commercial Personal Property. Under Michigan law, the taxable levy is based on the taxable valuation of the properties. Annually the taxable valuation increase in property values is capped at the rate of the prior year's CPI increase or 5 percent, whichever is less. At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, which is, theoretically, 50 percent of market value. The District's non-homestead property levy for the 2020-2021 fiscal year generated $6,154,216. The funds received from the non-homestead tax levy increased by 4.62 percent from the prior year.

Property Taxes Levied for General Operations (General Fund Non-Homestead Taxes), Concluded

The following summarizes the District's non-homestead levy over the past five years:

Fiscal Year	Non-Homestead Tax Levy	% Increase (decrease) from Prior Year
2020-2021	$ 6,154,216	4.62%
2019-2020	5,882,610	0.51%
2018-2019	5,852,841	2.39%
2017-2018	5,715,959	1.50%
2016-2017	5,631,533	0.06%

Debt Administration and Capital Projects Sinking Fund

The District's debt and capital projects sinking fund levies are based on the taxable valuation of all properties: homestead and non-homestead. The debt fund levy is used to pay principal and interest on bond obligations and the capital projects sinking fund is for capital improvements in the District. The taxpayers have authorized debt levies that will fund the debt principal payments of $40,721,917 through 2035.

For 2020-2021, the District's debt millage levy was 3.70 mills that generated a levy of $4,079,657. The capital projects sinking fund levy was .9946 mills and generated a levy of $1,096,156.

Food Sales to Students & Adults (School Lunch Program)

The total revenue in the Food Service Fund exceeded the expenditures in for the year by $194,665. This year, all meals for students were free under the extended Summer Food Service Program (SFSP).

Student Activity Fund

The Student Activity Fund is made up of various student organization activities.

General Fund Expenditures Budget vs. Actual—Five Year History

	Expenditures Preliminary Budget	Expenditures Final Budget	Expenditures Final Audit	Variance: Audit vs. Prelim Budget	Variance: Audit vs. Final Budget
2020-2021	$ 29,117,986	$ 32,123,286	$ 30,506,082	-4.77%	5.03%
2019-2020	28,933,077	29,756,455	28,487,283	1.54%	4.27%
2018-2019	27,785,993	28,811,875	28,494,358	-2.55%	1.10%
2017-2018	26,653,619	27,165,577	27,019,483	-1.37%	0.54%
2016-2017	25,602,864	26,512,421	25,948,977	-1.35%	2.13%
	Five Year Average (Over/-Under) Budget			-1.70%	2.61%

General Fund Revenues Budget vs. Actual—Five Year History

	Revenues Preliminary Budget	Revenues Final Budget	Revenues Final Audit	Variance: Audit vs. Prelim Budget	Variance: Audit vs. Final Budget
2020-2021	$ 27,867,896	$ 31,829,634	$ 31,760,190	13.97%	-0.22%
2019-2020	28,946,424	29,923,542	29,261,090	1.09%	-2.21%
2018-2019	28,130,861	29,138,070	29,141,437	3.59%	0.01%
2017-2018	27,091,421	27,439,769	27,459,874	1.36%	0.07%
2016-2017	25,820,265	26,918,569	26,938,017	4.33%	0.07%
	Five Year Average (Over/-Under) Budget			4.87%	-0.45%

Original vs. Final Budget

The Uniform Budget and Accounting Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year. As a matter of practice, the District amends its budget during the school year. For the fiscal year June 30, 2021, the budget was amended in January, March, and June of 2021.

Factors Bearing on the District's Future

Our elected officials and administration considered many factors when setting the School District's 2021-2022 fiscal year budget. One of the most important factors affecting the budget is our student count. The State Foundation Allowance is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2021-2022 fiscal year is based on 10 percent and 90 percent of the February 2021 and September 2021 student counts, respectively. The 2021-2022 fiscal year budget was adopted in June 2021, based on an estimated number of students that will be enrolled in September 2021. Approximately 75 percent of total General Fund revenue is from the foundation allowance. Under State law, the School District cannot assess additional property tax revenue for general operations. As a result, School District funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2021 fiscal year, we anticipate that the fall student count could be lower for the estimate used in creating the 2021-2022 fiscal year operating budget. Once the final count and related per pupil funding are validated the budget will then be amended.

Contacting the District's Financial Management

The financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for money it receives. If you have questions about this report or need additional financial information, contract or Business Department of St. Joseph Public Schools at 2580 S Cleveland Avenue, St. Joseph, MI 49085.

STATEMENT OF NET POSITION
AS OF JUNE 30, 2021

		Governmental Activities
Assets		
Cash and cash equivalents	$	2,769,991
Investments		6,816,130
Accounts receivables		200,073
Due from other governmental units		4,424,670
Inventories		9,886
Prepaid expenditures		98,128
Capital assets, not being depreciated		1,182,901
Capital assets, net of accumulated depreciation		57,401,092
Total Assets	$	72,902,871
Deferred Outflows of Resources		
Deferred interest charges on bond issuance	$	1,215,791
Deferred outflows of resources related to pensions		12,266,628
Deferred outflows of resources related to OPEB		4,298,604
Total Deferred Outflows of Resources	$	17,781,023
Liabilities		
Accounts payable	$	341,743
Accrued payroll and other liabilities		3,015,420
Unearned revenue		781,138
Accrued interest payable		284,469
Noncurrent Liabilities:		
Capital lease - due within one year		23,454
Notes and bonds payable - due within one year		3,074,910
Compensated absences - due within one year		21,069
Capital lease - due in more than one year		10,236
Notes and bonds payable - due in more than one year		36,821,321
Compensated absences - due in more than one year		189,620
Net pension liability		55,011,323
Net OPEB liability		8,567,252
Total Liabilities	$	108,141,955
Deferred Inflows of Resources		
Deferred inflows of resources related to pensions	$	2,365,106
Deferred inflows of resources related to OPEB		6,624,429
Total Deferred Inflows of Resources	$	8,989,535
Net Position (Deficit)		
Net investment in capital assets	$	19,903,553
Restricted for:		
Capital projects		2,080,641
Debt service		561,092
Unrestricted		(48,992,882)
Total Net Position (Deficit)	$	(26,447,596)

The Notes to Financial Statements are an integral part of this statement.

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	Program Revenues				Governmental Activities
	Expenses	Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions	Net (Expense) Revenue and Changes in Net Position
Functions/Programs					
Primary government -					
Governmental activities:					
Instruction	$ 20,718,185	$ 32,810	$ 3,365,026	$ -	$ (17,320,349)
Support services	11,981,816	95,354	3,911,057	19,272	(7,956,133)
Community services	36,533	-	-	-	(36,533)
Food services	935,073	16,261	1,080,446	-	161,634
Student activities	234,154	278,197			44,043
Athletics	843,385	98,779	-	-	(744,606)
Interest on long-term debt	1,940,631	-	-	-	(1,940,631)
Depreciation (unallocated)	2,589,468	-	-	-	(2,589,468)
	$ 39,279,245	$ 521,401	$ 8,356,529	$ 19,272	$ (30,382,043)

General revenues:	
Taxes:	
Property taxes, levied for general purposes	$ 6,221,383
Property taxes, levied for debt purposes	4,122,375
Property taxes, levied for capital project purposes	1,109,972
State aid not restricted to specific purposes	17,955,323
Interest and investment earnings	13,930
Loss on sale of asset	(11,500)
Other	145,790
Total general revenues	$ 29,557,273
Change in Net Position	$ (824,770)
Net Position (Deficit) - beginning of year	(25,622,826)
Net Position (Deficit) - end of year	$ (26,447,596)

The Notes to Financial Statements are an integral part of this statement.

BALANCE SHEET – GOVERNMENTAL FUNDS
AS OF JUNE 30, 2021

	General Fund	Other Non-Major Governmental Funds	Total
Assets			
Cash and cash equivalents	$ 1,221,784	$ 1,548,207	$ 2,769,991
Investments	4,893,283	1,922,847	6,816,130
Accounts receivable	197,148	2,925	200,073
Due from other governmental funds	72,465	41,247	113,712
Due from other governmental units	4,403,751	20,919	4,424,670
Inventory	-	9,886	9,886
Prepaid expenditures	1,983	-	1,983
Total Assets	$ 10,790,414	$ 3,546,031	$ 14,336,445
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$ 316,963	$ 24,780	$ 341,743
Accrued payroll and related liabilities	3,015,420	-	3,015,420
Unearned revenue	711,647	69,491	781,138
Due to other governmental funds	41,247	72,465	113,712
Total Liabilities	$ 4,085,277	$ 166,736	$ 4,252,013
Fund Balances			
Non-spendable - prepaid expenditures	$ 1,983	$ -	$ 1,983
Non-spendable - inventory	-	9,886	9,886
Restricted for debt retirement	-	561,092	561,092
Restricted for capital projects	-	2,080,641	2,080,641
Restricted for food service	-	207,025	207,025
Committed for student activities	-	520,651	520,651
Assigned for 2021-2022 budget deficit	205,950	-	205,950
Unassigned	6,497,204	-	6,497,204
Total Fund Balances	$ 6,705,137	$ 3,379,295	$ 10,084,432
Total Liabilities and Fund Balances	$ 10,790,414	$ 3,546,031	$ 14,336,445

The Notes to Financial Statements are an integral part of this statement.

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO NET POSITION
AS OF JUNE 30, 2021

Total Fund Balances - Governmental Funds	$	10,084,432
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Deferred outflows of resources related to:		
Pensions		12,266,628
OPEB		4,298,604
Deferred interest charges from bond refundings not capitalized in the governmental funds		1,215,791
Prepaid bond insurance costs		96,145
Capital assets used in governmental activities are not financial resources and are not reported in the funds.		
Cost of the capital assets		93,902,979
Accumulated depreciation		(35,318,986)
Long-term liabilities are not due and payable in the current period and are not reported in the funds:		
Notes and bonds payable		(39,100,000)
Capital lease		(33,690)
Bond premium associated with bonds		(796,231)
Compensated absences		(210,689)
Net pension liability		(55,011,323)
Net OPEB liability		(8,567,252)
Deferred inflows of resources related to pension changes in assumptions and changes in differences actual earnings on plan investments		
Pensions		(248,678)
OPEB		(6,624,429)
Deferred inflows from revenue in support of pension contributions made subsequent to the measurement		(2,116,428)
Accrued interest payable is not included as a liability in governmental funds		(284,469)
Total Net Position (Deficit) - Governmental Activities	**$**	**(26,447,596)**

The Notes to the Financial Statements are an integral part of this statement.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	General Fund	Other Non-Major Governmental Funds	Total
Revenues			
Property taxes	$ 6,221,383	$ 5,232,347	$ 11,453,730
Local sources	639,904	313,730	953,634
State sources	22,621,111	41,953	22,663,064
Federal sources	1,604,177	1,038,493	2,642,670
Interdistrict sources	570,171	-	570,171
Athletic sources	98,779	-	98,779
Earnings on investments	4,665	9,265	13,930
Miscellaneous revenue	-	69,997	69,997
Total Revenues	$ 31,760,190	$ 6,705,785	$ 38,465,975
Expenditures			
Instruction and instructional support services	$ 19,423,873	$ -	$ 19,423,873
Supporting services	10,262,742	2,355	10,265,097
Food service	-	873,718	873,718
Student activities	-	234,154	234,154
Community services	34,405	-	34,405
Athletics	784,603	-	784,603
Capital outlay	-	2,583,504	2,583,504
Debt service:			
Principal on long-term debt	-	2,585,000	2,585,000
Interest on long-term debt	-	1,791,201	1,791,201
Total Expenditures	$ 30,505,623	$ 8,069,932	$ 38,575,555
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 1,254,567	$ (1,364,147)	$ (109,580)
Other Financing Sources (Uses)			
Operating transfers in	$ 30,000	$ 466	$ 30,466
Operating transfers out	(466)	(30,000)	(30,466)
Proceeds from installment note	-	630,000	630,000
Total Other Financing Sources (Uses)	$ 29,534	$ 600,466	$ 630,000
Net Change in Fund Balances	$ 1,284,101	$ (763,681)	$ 520,420
Fund Balances - Beginning of year	5,421,036	4,142,976	9,564,012
Fund Balances - End of year	$ 6,705,137	$ 3,379,295	$ 10,084,432

The Notes to the Financial Statements are an integral part of this statement.

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

Net Change in Fund Balances - Total Governmental Funds		$ 520,420
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation		
Depreciation expense	$ (2,589,468)	
Capitalized capital outlay	1,371,527	
Loss on sale of fixed asset	(11,500)	
Total		(1,229,441)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayments of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of those differences in the treatment of long-term debt and related items:		
Note proceeds		(630,000)
Decrease in accrued interest		27,753
Increase in the liability for compensated absences not reported in the governmental funds		(28,062)
Decrease in unavailable revenue		(12,803)
Current year use of deferred interest charges associated with the issuance of advance refunding bonds		(170,316)
Governmental funds report prepaid bond insurance costs as expenditures; in the statement of activities, these costs are allocated over the life of the bonds		(6,867)
Amortization of bond premiums for refunding bonds		256,793
Change in benefit expense related to pension plan		(3,257,985)
Change in benefit expense related to OPEB		1,437,575
Revenue in support of pension contributions made subsequent to the measurement date		(338,802)
Repayment of bond and note payable principal and bond refunding are expenditures in the governmental funds, but not in the statement of activities (where it reduces long-term debt)		2,585,000
Repayment of lease principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)		21,965
Change in Net Position of Governmental Activities		**$ (824,770)**

The Notes to the Financial Statements are an integral part of this statement.

STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2021

	Custodial Fund
Assets:	
Cash and cash equivalents	$ 47,345
Total assets	$ 47,345
Net Position:	
Restricted for custodial funds	$ 47,345
Total net position	$ 47,345

The Notes to the Financial Statements are an integral part of this statement.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2021

		Custodial Fund
Additions:		
Interest	$	66
Total Additions	$	66
Deductions:		
Payments made on behalf of custodial funds	$	4,730
Total Deductions	$	4,730
Change in net position	$	(4,664)
Net Position-Beginning		52,009
Net Position-Ending	$	47,345

The Notes to the Financial Statements are an integral part of this statement.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of St. Joseph Public Schools (the "District") conform to accounting principles generally accepted in the United States of America ("GAAP") as applicable to governmental units and with the rules prescribed in the accounting manual by the Michigan Department of Education. The following is a summary of the significant accounting policies used by the District:

Reporting Entity

The District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board ("GASB") for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the District's reporting entity, and which organizations are legally separate, component units of the District. Based on the application of the criteria, the District does not contain any component units.

District-Wide and Fund Financial Statements

The District-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the District's government-wide activities are considered governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (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. Taxes, intergovernmental payments, and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds 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.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

District-Wide Statements – The District-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting.*

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

District-Wide Statements (concluded) – Revenue is 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 revenue in the year for which they are levied. Grants, categorical aid and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of inter-fund activity has been eliminated from the District-wide financial statements.

Fund Based Statements – Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and severance pay, are recorded only when payment is due.

Property taxes, unrestricted state aid, intergovernmental grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government. The fiduciary fund statement is also reported using the economic resources measurement focus and the accrual basis of accounting.

Fiduciary Fund Statements – fiduciary fund statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, expect for the recognition of certain liabilities to the beneficiaries of a fiduciary activity. Liabilities to beneficiaries are recognized when an event has occurred that compels the District to disburse fiduciary resources.

The District reports the following major governmental fund:

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

Additionally, the District reports the following fund types:

Special Revenue Funds account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its Food Service Fund and Student Activity Fund in the special revenue funds.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Capital Projects Funds are used to account for financial resources that are restricted for capital outlays, including the acquisition or construction of capital facilities and other capital assets. As of June 30, 2021, the non-major capital projects funds maintained by the District are the Capital Projects Sinking Fund and the 2016/2020 Capital Projects Bond Fund.

Debt Retirement Funds are used to account for financial resources that are restricted for principal and interest. As of June 30, 2021, the debt retirement funds maintained by the District are the 2016/2020 Debt Service Fund, 2005/2010/2015 B Debt Service Fund, and the 2010/2013/2015 A Debt Service Fund.

Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent. Fiduciary Fund net position and results of operations are not included in the District-wide statements. Custodial Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The District presently maintains a Custodial Fund to record the transactions of student and parent groups for school and school-related purposes. The funds are segregated and held in trust for the students and parents.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity

Deposits and Investments – Cash and cash equivalents include cash on hand, demand deposits and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables – In general, outstanding balances between funds are reported as "due to/from other funds." Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds."

Property tax and other trade receivables are shown net of an allowance for uncollectible amounts. For the District, taxpayers in the Cities of St. Joseph and Benton Harbor and St. Joseph, Royalton, and Lincoln Townships, properties are assessed as of December 31st and the related property taxes are levied and become a lien on July 1st for 100 percent of the taxes which are due September 15th. The final collection date is February 28th, after which uncollected taxes are added to the Berrien County delinquent tax rolls.

The State of Michigan utilizes a foundation allowance approach, which provides for a specific annual amount of revenue per student based on a statewide 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 is provided from the state's School Aid Fund and is recognized as revenue in accordance with state law and GAAP.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Receivables and Payables (Concluded)

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

Inventories – Inventories are valued at cost on a first-in, first-out (“FIFO”) basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Prepaid Items – Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both District-wide and fund financial statements.

Capital Assets – Capital assets, which include land, buildings, equipment, and vehicles are reported in the applicable governmental column in the District-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extended asset life are not capitalized. The District does not have infrastructure type assets. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

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

Deferred Outflows 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 a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualifies for reporting in this category. It is the deferred outflow related to the pension plan, the deferred outflow related to the OPEB and the deferred outflow of charges for the bond refunding.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Compensated Absences – The liability for compensated absences reported in the District-wide financial statements consists of unpaid, accumulated sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for employees who currently are eligible to receive termination payments. The amount reported is salary related and includes fringe benefits.

Long-Term Obligations – In the District-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Where applicable, premiums and discounts, are capitalized and amortized over the life of the bonds. Bond issuance costs except for prepaid insurance, is expensed.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Deferred Inflows of Resources – In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of sources (revenue) until that time. The governmental funds report unavailable revenues, which arise only under a modified accrual basis of accounting, for long-term receivables unavailable and recognized as an inflow of resources in the period that amounts become available. The District's two items that qualify for reporting in this category are the deferred inflows related to the pension plan and the deferred inflows related to OPEB.

Comparative Data – Comparative data is not included in the District's financial statements.

Estimates – The process of preparing financial statements in conformity with GAAP requires the use of management estimates and assumptions regarding certain types of assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenditures.

Fund Equity – The District has adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied. 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Fund Equity - (Concluded)

The following are the District's fund balance classifications:

Non-spendable Fund Balance – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – includes amounts that can be spent only for specific purposes stipulated by what the external resource provides (for example grant providers, constitutionally, or through enabling legislation). Effectively, restrictions may be changed or lifted only with the consent of resource providers.

Committed Fund Balance – includes amounts that can be used only for specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed constraint originally.

Assigned Fund Balance – includes amounts that are constrained by the government's intent to be used for a specific purpose, but are neither restricted nor committed.

Unassigned Fund Balance – is the residual classification for General Fund. This classification represents governmental fund balances that have not been assigned to other funds or that have not been restricted, committed, or assigned to specific purposes within the respective governmental fund balances.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONCLUDED

Net Position Flow Assumption – Sometimes the District will fund outlays for particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts of net position to report as restricted and unrestricted in the District-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Pension and Other Postemployment Benefit ("OPEB") Plans – For the purposes of measuring the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to each plan, and pension and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System ("MPSERS") and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. For this purpose, benefit payments (including refunds of the employee contributions) are recognized as expense when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Budgetary Information — Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the general and special revenue funds. All annual appropriations lapse at fiscal year-end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e. the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the District to have its budget in place by July 1. Expenditures in excess of amounts budgeted is a violation of Michigan Law. State law permits districts to amend its budgets during the year.

Encumbrance accounting is employed in governmental funds. Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered. There were no encumbrances at year end.

Net Position Deficit – As of June 30, 2021, the Government-wide Statement of Net Position had a cumulative net position deficit of $26,447,596.

NOTE 2. DEPOSITS AND INVESTMENTS

As of June 30, 2021, the District's deposits and investments include the following:

	Cash and Cash Equivalents	Investments	Custodial Funds	Total
Cash on hand	$ 2,845	$ -	$ -	$ 2,845
Deposits	2,767,146	-	47,345	2,814,491
Investments	-	6,816,130	-	6,816,130
	$ 2,769,991	$ 6,816,130	$ 47,345	$ 9,633,466

Bank Deposits: All cash of the District is on deposit with financial institutions which provide FDIC insurance coverage or in highly liquid pooled money funds.

Custodial Credit Risk-Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2021, $1,752,956 of the District's bank balance of $2,680,682 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name

Investments: Michigan law permits investments in: 1) Bonds and other obligations of the United States Governments, 2) Certificates of deposit and savings accounts of banks or credit unions who are members of the FDIC and FSLIC, respectively, 3) Certain commercial paper, 4) United States Government repurchase agreements, 5) Banker's acceptance of the United States Bank, and 6) Certain mutual funds. The District has put further restrictions on those investments through its current policy, and the following investment is permitted by law and policy.

			Investment Maturities		
Investment Type	Fair Value	Current	1 - 5 years	6 - 10 years	More than 10
Investment Pools	$ 6,816,130	$ 6,816,130	$ -	$ -	$ -
Total Investments	$ 6,816,130	$ 6,816,130	$ -	$ -	$ -

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

NOTE 2. DEPOSITS AND INVESTMENTS, CONCLUDED

Credit Risk: State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by Nationally Recognized Statistical Rating Organizations ("NRSRO's"). As of June 30, 2021, the District's investments were rated AAAm by Standard's & Poors.

Concentration of Credit Risk: The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. The majority of the District's investments are held in multiple asset backed securities and U.S. Treasury/Agency securities.

Custodial Credit Risk—Investments: For an investment, this is the risk that in the event of bank failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. As of June 30, 2021, no investments were subject to custodial credit risk.

NOTE 3. FAIR VALUE MEASUREMENT

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The District has the following recurring fair value measurements as of June 30, 2021:

		Fair Value Measurement Using		
	Balance at June 30, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment Pools	$ 6,816,130	$ -	$ 6,816,130	$ -
Total Investments Measured at Fair Value	$ 6,816,130	$ -	$ 6,816,130	$ -

NOTE 4. RECEIVABLES AND PAYABLES

Receivables as of year-end for the District's individual major funds, and the non-major funds and fiduciary funds in the aggregate, including any allowance for uncollectible amounts are as follows:

	General Fund	Other Non-Major	Total
Receivables:			
Intergovernmental	$ 4,403,751	$ 20,919	$ 4,424,670
Trade	197,148	2,925	200,073
	$ 4,600,899	$ 23,844	$ 4,624,743

Payables as of year-end for the School District's individual major funds, and the non-major and fiduciary funds in the aggregate, are as follows:

	General Fund	Other Non-Major	Total
Payables:			
Trade	$ 316,963	$ 24,780	$ 341,743

NOTE 5. RISK MANAGEMENT

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

NOTE 6. CAPITAL ASSETS

Capital asset activity of the District's governmental activities was as follows:

	Beginning Balance	Additions	Disposals	End Balance
Assets not being depreciated:				
Land	$ 1,077,901	$ 105,000	$ -	$ 1,182,901
Subtotal	$ 1,077,901	$ 105,000	$ -	$ 1,182,901
Capital assets being depreciated:				
Building and building improvements	$ 83,898,594	$ 1,021,049	$ (81,000)	$ 84,838,643
Land improvements	3,260,126	23,708	-	3,283,834
Buses and other vehicles	1,601,378	109,356	-	1,710,734
Furniture and equipment	2,774,453	112,414	-	2,886,867
Subtotal	$ 91,534,551	$ 1,266,527	$ (81,000)	$ 92,720,078
Accumulated depreciation:				
Building and building improvements	$ 28,935,210	$ 2,066,551	$ (69,500)	$ 30,932,261
Land improvements	1,264,279	185,301	-	1,449,580
Buses and other vehicles	1,059,387	91,961	-	1,151,348
Furniture and equipment	1,540,142	245,655	-	1,785,797
Subtotal	$ 32,799,018	$ 2,589,468	$ (69,500)	$ 35,318,986
Net capital assets being depreciated	$ 58,735,533			$ 57,401,092
Net capital assets	$ 59,813,434			$ 58,583,993

Depreciation expense of $2,589,468 was not charged to activities as the District considers its assets to impact multiple activities and allocation is not practical.

NOTE 7. RELATED ORGANIZATIONS

The District has established the St. Joseph Public School Foundation (the "Foundation") that has a 501(c)(3) status with the Internal Revenue Service. As of June 30, 2021, the District's transactions with the Foundation were as follows:

Donations recognized in current period	$ 435,947
Total	$ 435,947

During the year, the District purchased services from Abonmarche Consultants for professional engineering services. A member of the Board of Education is an employee of this engineering firm. For the year ended June 30, 2021, the District paid $22,222 to Abonmarche Consultants for those professional services. All transactions were conducted at arms-length in accordance with board policy.

The District has monies on deposit with United Federal Credit Union. Two members of the Board of Education are employed by this bank. As of June 30, 2021, the District has $571,826 in multiple accounts with United Federal Credit Union. All transactions were conducted at arms-length.

NOTE 7. RELATED ORGANIZATIONS (CONCLUDED)

During the year, the District purchased office supplies from Doubleday Office Products. A member of the Board of Education is a shareholder of this company. For the year ended June 30, 2021, the District paid $2,765 to Doubleday Office Products for office supplies. All transactions were conducted at arms-length in accordance with board policy.

NOTE 8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of Interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Other Non-Major Governmental Funds - Food Service Fund	$ 72,465
Other Non-Major Governmental Funds - Student Activity Fund	General Fund	$ 41,247

The Food Service Fund owes the General Fund for miscellaneous expenditures.

The General Fund owes the Student Activities Fund for miscellaneous expenditures.

During the year, the following transfers were made between funds:

Transfer In:	Transfer Out:	Amount
General Fund	Other Non-Major Governmental Funds - Food Service Fund	$ 30,000
Other Non-Major Governmental Funds - Food Service Fund	General Fund	$ 466

The Food Service Fund transferred $30,000 to the General Fund for indirect costs.

The General Fund transferred $466 to the Food Service Fund for the portion of At-Risk funds allocated to the Food Service Funds.

NOTE 9. LONG-TERM DEBT

The District issues bonds to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the District. Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds	$ 41,055,000	$ -	$ (2,480,000)	$ 38,575,000	$ 2,600,000
Unamortized Premiums	1,053,024	-	(256,793)	796,231	369,910
Deferred outflow of resources					
Deferred charges on bond refunding	(1,386,107)	-	170,316	(1,215,791)	(161,099)
Installment Note	-	630,000	(105,000)	525,000	105,000
Total Long-Term Debt Worth	$ 40,721,917	$ 630,000	$ (2,671,477)	$ 38,680,440	$ 2,913,811

Governmental Activities:

At June 30, 2021, long-term debt consisted of:

$22,100,0000 - 2015 Refunding Bonds, Series A; payable in annual installments of $305,000 to $3,205,000 beginning 5/1/2027 through 5/1/2035; interest at 3.0% to 5.0%.	$ 22,100,000
$6,895,000 - 2015 Refunding Bonds, Series B; payable in annual installments of $555,000 to $1,135,000 beginning 5/1/2016 through 5/1/2022; interest at 5.0%.	1,135,000
$9,430,000 - 2013 Refunding Bonds; payable in annual installments of $785,000 to $1,895,000 beginning 5/1/2019 through 5/1/2027; interest at 2.0% to 4.0%.	6,945,000
$2,450,000 -2016 School Building and Equipment Bonds, Series I (general obligation-unlimited tax); payable in annual installments of $375,000 to $210,000 beginning 5/1/2017 through 5/1/2026; interest at 1.0% to 2.0%.	1,050,000
$2,765,000 - 2020 School Building and Site Bonds, Series II; payable in annual installments of $275,000 to $265,000 beginning 6/30/2021 through 06/30/2029; interest at 3.0% to 4.0%.	2,765,000
$4,855,000 - 2020 Refunding of 2010 Refunding Bonds; payable in annual installments of $1,195,000 to $1,210,000 beginning 6/30/2023 through 6/30/2026; interest at 3.0%.	4,580,000
$630,000 - 2021 Cleveland Building Installment Note; payable in annual installments of $105,000 beginning 4/25/2021 through 4/25/2026; interest at 1.0% to 2.0%.	525,000
	$ 39,100,000

NOTE 9. LONG-TERM DEBT, CONTINUED

Annual debt service requirements to maturity for the above Governmental bond and note obligations are as follows:

	Governmental Activities:		
	Principal	Interest	Total
2022	$ 2,705,000	$ 1,716,263	$ 4,421,263
2023	2,820,000	1,616,273	4,436,273
2024	2,930,000	1,478,283	4,408,283
2025	2,915,000	1,388,743	4,303,743
2026	2,980,000	1,299,453	4,279,453
2027-2031	12,805,000	4,886,550	17,691,550
2032-2035	11,945,000	1,529,000	13,474,000
Unamortized premium, net of deferred outflows	(419,560)	-	(419,560)
	$ 38,680,440	$ 13,914,565	$ 52,595,005

Interest expense of $1,940,631 was not charged to activities, as the District considers its debt and related assets to impact multiple activities and allocation was not practical.

Compensated absences at June 30, 2021 consist of the following:

	Beginning Balance	Net Change	Ending Balance	Due Within One Year
Compensated absences which are payable upon termination of employment.	$ 182,627	$ 28,062	$ 210,689	$ 21,069

Advance Refunding – The District has defeased 2005, 2010, 2013, and 2015 certain unlimited tax school improvement bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for defeased bonds are not included in the District's financial statements. As of June 30, 2021, $48,585,000 of bonds considered defeased are still outstanding.

During the fiscal year 2005, the District issued $8,605,000 of unlimited tax refunding bonds, plus premium on capital appreciation bonds, to provide resources to place in escrow account for the purpose of generating resources for future debt service payments of $14,608,050 of unlimited tax school improvement bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the District-wide financial statements.

NOTE 9 . LONG-TERM DEBT, CONCLUDED

Advance Refunding, Concluded

During fiscal year 2011, the District issued $8,195,000 of unlimited tax refunding bonds, less a discount on capital appreciation bonds, to provide resources to place in escrow account for the purpose of generating resources for future debt service payments of $11,632,774 of unlimited tax school improvement bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the District-wide financial statements.

During fiscal year 2014, the District issued $9,430,000 of unlimited tax refunding bonds, plus a premium on capital appreciation bonds, to provide resources to place in escrow account for the purpose of generating resources for future debt service payments of $13,455,655 of unlimited tax school improvement bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the District-wide financial statements.

During fiscal year 2015, the District issued $25,380,000 of unlimited tax refunding bonds, plus a premium on capital appreciation bonds, to provide resources to place in escrow account for the purpose of generating resources for future debt service payments of $44,412,129 of unlimited tax school improvement bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the District-wide financial statements.

During fiscal year 2015, the District issued $7,680,000 unlimited tax refunding bonds, plus a premium on capital appreciation bonds, to provide resources to place in escrow account for the purpose of generating resources for future debt service payments of $9,092,600 of unlimited tax school improvement bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the District-wide financial statements.

During fiscal year 2020, the District issued $7,620,000 unlimited tax refunding bonds, plus a premium on capital appreciation bonds, to provide resources to place in escrow account for the purpose of generating resources for future debt service payments of $8,771,184 of unlimited tax school improvement bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the District-wide financial statements.

NOTE 10. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

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 plan governed by the State of Michigan ("State") originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the Board's authority to promulgate or amend the provisions of the System. MPSERS issues a publicly available Comprehensive Annual Financial Report that can be obtained at www.michigan.gov/orsschools.

NOTE 10. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, CONTINUED

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

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

Benefits Provided - Overall – participants are enrolled in one of multiple plans based on date of hire and certain voluntary elections. A summary of the plan offered by MPSERS is as follows:

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

Benefits Provided - Pension - Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit ("DB") pension plan. Retirement benefits for DB plan members are determined by final average compensation and years of service. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

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

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

NOTE 10. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, CONTINUED

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.

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

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

- Basic plan members: 4% contribution
- MIP-Fixed, MIP-Graded, and MIP-Plus members: a flat 7% contribution

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

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

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

NOTE 10. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, CONTINUED

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

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

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

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

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

NOTE 10. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, CONTINUED

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

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

Regular Retirement (no reduction factor for age) - Eligibility - A Basic plan member may retire at age 55 with 30 years credited service; or age 60 with 10 years credited service. For MIP members, age 46 with 30 years credited service; or age 60 with 10 years credited service; or age 60 with 5 years of credited service provided member worked through 60th birthday and has credited service in each of the last 5 years. For Pension Plus Plan ("PPP") members, age 60 with 10 years of credited service.

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

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

Employer Contributions - Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of pension benefits and OPEB. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The normal cost is the annual cost assigned under the actuarial funding method, to the current and subsequent plan years. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis.

NOTE 10. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, CONTINUED

Pension and OPEB contributions made in the fiscal year ending September 30, 2020 were determined as of the September 30, 2017 actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2017 are amortized over a 20-year period beginning October 1, 2019 and ending September 30, 2038.

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

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

The District's pension contributions for the year ended June 30, 2021 were equal to the required contribution total. Total pension contributions were $4,885,234.

The District's OPEB contributions for the year ended June 30, 2021 were equal to the required contribution total. Total OPEB contributions were $1,173.397.

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

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

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

MPSERS (Plan) Non-university employers	September 30, 2020		September 30, 2019	
Total pension liability	$	85,290,583,799	$	83,442,507,212
Plan fiduciary net position		50,939,496,006		50,325,869,388
Net pension liability		34,351,087,793		33,116,637,824
Proportionate share		0.1601443%		0.1591219%
Net pension liability for the District	$	55,011,323	$	52,695,837

For the year ended June 30, 2021, the District recognized pension expense of $8,143,962.

NOTE 10. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, CONTINUED

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
Differences between expected and actual experience	$ 840,528	$ 117,414
Changes of assumptions	6,095,785	-
Net difference between projected and actual earnings on pension plan investments	231,133	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	438,005	131,264
School District contributions subsequent to the measurement date*	4,661,177	-
Revenues in support of contributions subsequent to the measurement date	-	2,116,428
Total	$ 12,266,628	$ 2,365,106

Deferred inflows of resources of $2,116,428 resulting from the pension portion of State Aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ending 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 Ending	Amount:
2021	$ 3,315,193
2022	2,343,212
2023	1,291,672
2024	406,696
	$ 7,356,773

*The contributions subsequent to the measure date as a reduction of the net pension liability in the following year.

NOTE 10. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, CONTINUED

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

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

MPSERS (Plan) Non-university employers	September 30, 2020	September 30, 2019
Total other postemployment benefits liability	$ 13,206,903,534	$ 13,925,860,688
Plan fiduciary net position	7,849,636,555	6,748,112,668
Net other postemployment benefits liability	5,357,266,979	7,177,748,020
Proportionate share	0.1599183%	0.1616369%
Net other postemployment benefit liability for the District	8,567,252	11,601,892

For the year ended June 30, 2021, the District recognized OPEB expense of ($222,673). 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
Differences between expected and actual experience	$ -	$ 6,383,404
Changes of assumptions	2,824,793	-
Net difference between projected and actual earnings on pension plan investments	71,503	-
Changes in proportion and differences between the District contributions and proportionate share of contributions	317,923	241,025
District contributions subsequent to the measurement date*	1,084,385	-
Total	$ 4,298,604	$ 6,624,429

*The contributions subsequent to the measure date as a reduction of the net OPEB liability in the following year.

NOTE 10. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, CONTINUED

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

Year Ending		Amount:
2021	$	(932,743)
2022		(833,124)
2023		(661,418)
2024		(518,086)
2025		(464,839)
	$	(3,410,210)

Actuarial Assumptions - The total pension liability and total OPEB liability as of September 30, 2020 is based on the results of an actuarial valuation as of September 30, 2019 and rolled forward. The total pension and OPEB liabilities were determined using the following actuarial assumptions:

Actuarial Cost Method		Entry Age, Normal
Wage inflation rate		2.75%
Investment Rate of Return - Pension		6.00 - 6.80%
Investment rate of return - OPEB		6.95%
Projected salary increases		2.75% - 11.55%, including wage inflation at 2.75%
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 Healthy Annuitant Mortality Tables, scaled by 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
	Disable Retirees:	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

NOTE 10. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, CONTINUED

Experience study - The annual actuarial valuation report of the System used for these statements is dated September 30, 2019. Assumption changes as a result of an experience study for the periods 2012 through 2017 have been adopted by the System for use in the determination of the total pension and OPEB liability beginning with the September 30, 2018 valuation.

The long-term expected rate of return on pension and other postemployment benefit plan investments - The pension rate was 6.80% (MIP, Basic, and Pension Plus Plan) and 6.00% for Pension Plus 2 Plan, and the other postemployment benefit rate was 6.95%, net of investment and administrative expenses was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension and OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Cost of living pension adjustments - 3.0% annual non-compounded for MIP members.

Healthcare cost trend rate for other postemployment benefit - 7.0% for year one and graded to 3.5% in year twelve.

Additional assumptions for other postemployment benefit only - applies to individuals hired before September 4, 2012:

Opt Out Assumption - 21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.

Survivor Coverage - 80% of male retirees and 67% of female retirees are assumed to have coverage continuing after the retiree's death.

Coverage Election at Retirement - 75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

NOTE 10. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, CONTINUED

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

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

Pension Discount Rate - A single discount rate of 6.80% was used to measure the total pension liability (6.00% for the Pension Plus 2 Plan). This discount rate was based on the expected rate of return on pension plan investments of 6.80% (6.00% for the Pension Plus 2 Plan). The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions from Districts will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

NOTE 10. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, CONCLUDED

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

1% Decrease	Current Single Discount Rate Assumption	1% Increase
$ 71,202,825	$ 55,011,323	$ 41,592,176

Sensitivity of the net OPEB liability to changes in the discount rate -The following presents the Reporting Unit's proportionate share of the net OPEB liability calculated using a single discount rate of 6.95%, as well as what the Reporting Unit's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

1% Decrease	Current Discount Rate	1% Increase
$ 11,005,609	$ 8,567,252	$ 6,514,360

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

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
$ 6,435,759	$ 8,567,252	$ 10,991,564

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

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

NOTE 11. TAX ABATEMENTS

The District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions and Brownfield Redevelopment Agreements granted by various municipalities within the District. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities; Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties. For the fiscal year ended June 30, 2021, the District's property tax revenues were reduced by $541,520 under these programs.

NOTE 12. OTHER BENEFITS

The District also provides 403(b) tax deferred annuity plans. All employees are eligible to participate in the plans and are fully vested immediately for all contributions.

The District is also able to offer a tax deferred "buy-in" program for years of service for all eligible employees in the state-provided pension plan. The percentage rate for the employee's contribution was calculated based on the previous year's salary and age.

NOTE 13. CAPITAL PROJECTS SINKING FUND

The Capital Projects Sinking Fund records capital project activities funded with Sinking Fund millage. For this fund, the District has complied with the applicable provisions of Section 1212 of the Revised School Code.

NOTE 14. CAPITAL PROJECTS BOND EXPENDITURES

The Capital Projects Bond Fund includes capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the District has complied with the applicable provisions of Section 1351a of the Revised School Code.

Beginning with the year of bond issuance, The District reported the annual construction activity in the 2016/2020 Capital Projects Bond Fund.

NOTE 15. OPERATING LEASES

In September, 2019, the School Board approved a three month year lease agreement with the St. Joseph Lincoln Senior Citizen Center with $1,000 month rent. As of January 1, 2020, the lease is currently "month to month" with monthly rent of $2,000. Rent expense of $12,000 was incurred for the fiscal year ended June 30, 2021. In December 30, 2020, the lease was terminated.

NOTE 16. CAPITAL LEASES

The District has a capital lease for copiers. The future minimum lease payments are as follows:

Year Ending June 30		Principal
2022	$	23,454
2023		10,236
Total minimum lease payments	$	33,690
Less amount representing interest		(4,691)
Present value of minimum lease payments	$	28,999

Assets		Amount
Equipment	$	87,618
Less accumulated depreciated		(35,048)
Net book value	$	52,570

NOTE 17. UNEARNED/UNAVAILABLE REVENUE

Governmental funds report revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of unearned/unavailable revenue are as follows:

Liability - Unearned Revenue	Food Services Fund	General Fund	Total
Funds in students' lunch accounts at year-end	$ 69,491	$ -	$ 69,491
Early Literacy Grant	-	79,609	79,609
ESSER 11r4	-	622,789	622,789
Innovative	-	9,249	9,249
Total	$ 69,491	$ 711,647	$ 781,138

NOTE 18. CONTINGENT LIABILITIES

Grants – In the normal course of operations, the District receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to insure compliance with conditions precedent to the granting funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

NOTE 19. UPCOMING PRONOUNCEMENTS

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The District is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the District's financial statements for the year ending June 30, 2022.

In May 2020, the GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2022-2023 fiscal year.

NOTE 20. SUBSEQUENT EVENTS

The District has evaluated subsequent events through October 20, 2021, the date the financial statements were available to be issued.

Required Supplementary Information

REQUIRED SUPPLEMENTARY SCHEDULE
BUDGETARY COMPARISON SCHEDULE — GENERAL FUND
YEAR ENDED JUNE 30, 2021

	Original Budget	Final Amended Budget	Actual	Variance (Negative) Positive
Revenues				
Property taxes	$ 5,894,343	$ 6,250,200	$ 6,221,383	$ (28,817)
Local sources	523,330	646,050	639,904	(6,146)
State sources	20,300,860	22,627,423	22,621,111	(6,312)
Federal sources	476,983	1,635,293	1,604,177	(31,116)
Interdistrict sources	456,838	564,171	570,171	6,000
Athletic sources	156,542	101,497	98,779	(2,718)
Earnings on investments	59,000	5,000	4,665	(335)
Total Revenues	$ 27,867,896	$ 31,829,634	$ 31,760,190	$ (69,444)
Expenditures				
Instruction:				
Basic programs	$ 15,440,379	$ 17,122,154	$ 16,792,321	$ 329,833
Added needs	2,615,807	2,803,224	2,631,552	171,672
Supporting services:				
Pupil	1,341,639	1,472,703	1,411,280	61,423
Instructional staff	1,483,796	1,617,750	1,412,727	205,023
General administration	522,445	623,808	588,459	35,349
School administration	1,507,879	1,547,239	1,523,241	23,998
Business services	509,888	445,060	373,967	71,093
Operations and maintenance	3,013,841	3,595,154	3,273,930	321,224
Transportation	961,497	1,038,918	910,060	128,858
Technology/HR	766,580	856,625	769,078	87,547
Community services	51,757	69,846	34,405	35,441
Athletics	894,258	921,555	784,603	136,952
Total Expenditures	$ 29,109,766	$ 32,114,036	$ 30,505,623	$ 1,608,413
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ (1,241,870)	$ (284,402)	$ 1,254,567	$ 1,538,969
Other Financing Sources (Uses)				
Operating transfers in	$ -	$ 30,000	$ 30,000	$ -
Operating transfers out	-	(9,250)	(466)	8,784
Total Other Financing Sources (Uses)	$ -	$ 20,750	$ 29,534	$ 8,784
Net Change in Fund Balances	$ (1,241,870)	$ (263,652)	$ 1,284,101	$ 1,547,753
Fund Balances - Beginning of year	5,421,036	5,421,036	5,421,036	
Fund Balances - End of year	$ 4,179,166	$ 5,157,384	$ 6,705,137	

The Notes to Required Supplementary Information are an integral part of this statement

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
DETERMINED AS OF THE PLAN YEAR ENDED SEPTEMBER 30TH

	2020	2019	2018	2017	2016	2015	2014
District's proportion of net pension liability	0.16014%	0.15912%	0.15812%	0.15949%	0.15770%	0.15875%	0.15921%
District's proportionate share of net pension liability	$ 55,011,323	$ 52,695,837	$ 47,532,710	$ 41,331,328	$ 39,347,841	$ 38,774,207	$ 35,067,772
District's covered-employee payroll	$ 14,143,068	$ 14,105,347	$ 13,318,107	$ 13,440,641	$ 13,271,629	$ 13,401,946	$ 13,637,853
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	388.96%	373.59%	356.90%	307.51%	296.48%	289.32%	257.14%
Plan fiduciary net position as a percentage of total pension liability	59.49%	60.08%	62.12%	63.96%	63.01%	62.92%	66.20%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District presents information for those years for which information is available.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
AMOUNTS WERE DETERMINED AS OF THE YEAR ENDED JUNE 30TH

	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	$ 4,885,234	$ 4,031,610	$ 4,207,443	$ 4,041,331	$ 3,825,463	$ 3,678,904	$ 2,853,827
Contributions in relation to statutorily required contributions	4,885,234	4,031,610	4,207,443	4,041,331	3,825,463	3,678,904	2,853,827
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 14,614,467	$ 14,538,153	$ 13,932,270	$ 13,309,299	$ 13,885,070	$ 13,427,369	$ 13,419,865
Contributions as a percentage of covered-employee payroll	33.43%	27.73%	30.20%	30.36%	27.55%	27.40%	21.27%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District presents information for those years for which information is available.

The Notes to Required Supplementary Information are an integral part of this statement.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
AMOUNTS WERE DETERMINED AS OF THE PLAN YEAR ENDED SEPTEMBER 30TH

	2020	2019	2018	2017
District's proportion of net OPEB liability	0.15992%	0.16164%	0.15672%	0.15931%
District's proportionate share of net OPEB liability	$ 8,567,252	$ 11,601,892	$ 12,457,608	$ 14,107,722
District's covered-employee payroll	$ 14,143,068	$ 14,105,347	$ 13,318,107	$ 13,440,641
District's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	60.58%	82.25%	93.54%	104.96%
Plan fiduciary net position as a percentage of total OPEB liability	59.76%	48.67%	43.10%	36.53%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District presents information for those years for which information is available.

The Notes to Required Supplementary Information are an integral part of this statement.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
DETERMINED AS OF THE YEAR ENDED JUNE 30TH

	2021	2020	2019	2018
Statutorily required contributions	$ 1,173,397	$ 949,303	$ 1,073,662	$ 948,470
Contributions in relation to statutorily required contributions	1,173,397	949,303	1,073,662	948,470
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 14,614,467	$ 14,538,153	$ 13,932,270	$ 13,309,299
Contributions as a percentage of covered-employee payroll	8.03%	6.53%	7.71%	7.13%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District presents information for those years for which information is available.

The Notes to Required Supplementary Information are an integral part of this statement.

Change of pension benefit terms:

There were no changes of benefit terms for the plan year ended September 30, 2020.

Change of pension assumptions:

There were no changes of pension assumptions for the plan year ended September 30, 2020.

Change of OPEB benefit terms:

There were no changes of benefit terms for the plan year ended September 30, 2020.

Change of OPEB assumptions:

Changes in assumptions - the assumption changes for 2020 were:

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

Stewardship, Compliance, and Accountability

Excess of Expenditures Over Appropriations in Budgeted Funds — See previous Budgetary Comparison Schedule for budget variances as they apply to the District.

OTHER SUPPLEMENTARY INFORMATION

COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS
AS OF JUNE 30, 2021

	Total Non-Major Special Revenue Funds	Total Non-Major Capital Projects Funds	Total Non-Major Debt Service Funds	Total Non-Major Governmental Funds
Assets				
Cash and cash equivalents	$ 821,442	$ 630,665	$ 96,100	$ 1,548,207
Investments	-	1,462,154	460,693	1,922,847
Accounts receivable	2,925	-	-	2,925
Due from other governmental funds	41,247	-	-	41,247
Due from other governmental units	11,922	4,698	4,299	20,919
Inventory	9,886	-	-	9,886
Total Assets	$ 887,422	$ 2,097,517	$ 561,092	$ 3,546,031
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 7,904	$ 16,876	$ -	$ 24,780
Unearned revenue	69,491	-	-	69,491
Due to other governmental funds	72,465	-	-	72,465
Total Liabilities	$ 149,860	$ 16,876	$ -	$ 166,736
Fund Balances				
Non-spendable inventory	$ 9,886	$ -	$ -	$ 9,886
Restricted for debt retirement	-	-	561,092	561,092
Restricted for capital projects	-	2,080,641	-	2,080,641
Restricted for food service	207,025	-	-	207,025
Committed for student activities	520,651	-	-	520,651
Total Fund Balances	$ 737,562	$ 2,080,641	$ 561,092	$ 3,379,295
Total Liabilities and Fund Balances	$ 887,422	$ 2,097,517	$ 561,092	$ 3,546,031

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES– NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	Total Non-Major Special Revenue Funds	Total Non-Major Capital Projects Funds	Total Non-Major Debt Service Funds	Total Non-Major Governmental Funds
Revenues				
Property taxes	$ -	$ 1,109,972	$ 4,122,375	$ 5,232,347
Local sources	294,458	19,272	-	313,730
State sources	41,953	-	-	41,953
Federal sources	1,038,493	-	-	1,038,493
Earnings on investments	-	5,945	3,320	9,265
Miscellaneous revenue	1,210	-	68,787	69,997
Total Revenues	$ 1,376,114	$ 1,135,189	$ 4,194,482	$ 6,705,785
Expenditures				
Supporting services	$ -	$ -	$ 2,355	$ 2,355
Food service	873,718	-	-	873,718
Student activities	234,154	-	-	234,154
Capital outlay	-	2,583,504	-	2,583,504
Debt retirement:				
Principal on long-term debt	-	105,000	2,480,000	2,585,000
Interest on long-term debt	-	9,104	1,782,097	1,791,201
Total Expenditures	$ 1,107,872	$ 2,697,608	$ 4,264,452	$ 8,069,932
Excess (Deficiency) of Revenues over (under) Expenditures	$ 268,242	$ (1,562,419)	$ (69,970)	$ (1,364,147)
Other Financing Sources (Uses)				
Operating transfers in	$ 466	$ -	$ -	$ 466
Operating transfers out	(30,000)	-	-	(30,000)
Proceeds from installment note	-	630,000	-	630,000
Total Other Financing Sources (Uses)	$ (29,534)	$ 630,000	$ -	$ 600,466
Net Change in Fund Balances	$ 238,708	$ (932,419)	$ (69,970)	$ (763,681)
Fund Balances - Beginning of year	498,854	3,013,060	631,062	4,142,976
Fund Balances - End of year	$ 737,562	$ 2,080,641	$ 561,092	$ 3,379,295

COMBINING BALANCE SHEET– NON-MAJOR SPECIAL REVENUE FUNDS AS OF JUNE 30, 2021

	Food Service Fund	Student Activity Fund	Total Non-Major Special Revenue Funds
Assets			
Cash and cash equivalents	$ 337,727	$ 483,715	$ 821,442
Accounts receivable	-	2,925	2,925
Due from other governmental funds	-	41,247	41,247
Due from other governmental units	11,922	-	11,922
Inventory	9,886	-	9,886
Total Assets	$ 359,535	$ 527,887	$ 887,422
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$ 668	$ 7,236	$ 7,904
Unearned revenue	69,491	-	69,491
Due to other governmental funds	72,465	-	72,465
Total Liabilities	$ 142,624	$ 7,236	$ 149,860
Fund Balances			
Non-spendable inventory	$ 9,886	$ -	$ 9,886
Restricted for food service	207,025	-	207,025
Committed for student activities	-	520,651	520,651
Total Fund Balances	$ 216,911	$ 520,651	$ 737,562
Total Liabilities and Fund Balances	$ 359,535	$ 527,887	$ 887,422

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES–
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2021

	Food Service Fund	Student Activity Fund	Total Non-Major Special Revenue Funds
Revenues			
Local sources	$ 16,261	$ 278,197	$ 294,458
State sources	41,953	-	41,953
Federal sources	1,038,493	-	1,038,493
Miscellaneous revenue	1,210	-	1,210
Total Revenues	$ 1,097,917	$ 278,197	$ 1,376,114
Expenditures			
Food service	$ 873,718	$ -	$ 873,718
Student activities	-	234,154	234,154
Total Expenditures	$ 873,718	$ 234,154	$ 1,107,872
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 224,199	$ 44,043	$ 268,242
Other Financing Sources (Uses)			
Operating transfers in	$ 466	$ -	$ 466
Operating transfers out	(30,000)	-	(30,000)
Total Other Financing Sources (Uses)	$ (29,534)	$ -	$ (29,534)
Net Change in Fund Balances	$ 194,665	$ 44,043	$ 238,708
Fund Balances - Beginning of year	22,246	476,608	498,854
Fund Balances - End of year	$ 216,911	$ 520,651	$ 737,562

COMBINING BALANCE SHEET – NON-MAJOR CAPITAL PROJECTS FUNDS AS OF JUNE 30, 2021

	Capital Projects Sinking Fund	2016/2020 Capital Projects Bond Fund	Total Non-Major Capital Projects Funds
Assets			
Cash and cash equivalents	$ 610,099	$ 20,566	$ 630,665
Investments	-	1,462,154	1,462,154
Due from other governmental units	1,154	3,544	4,698
Total Assets	$ 611,253	$ 1,486,264	$ 2,097,517
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$ 12,903	$ 3,973	$ 16,876
Total Liabilities	$ 12,903	$ 3,973	$ 16,876
Fund Balances			
Restricted for capital projects	$ 598,350	$ 1,482,291	$ 2,080,641
Total Fund Balances	$ 598,350	$ 1,482,291	$ 2,080,641
Total Liabilities and Fund Balances	$ 611,253	$ 1,486,264	$ 2,097,517

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
NON-MAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2021

	Capital Projects Sinking Fund	2016/2020 Capital Projects Bond Fund	Total Non-Major Capital Projects Funds
Revenues			
Property taxes	$ 1,109,972	$ -	$ 1,109,972
Local sources	19,272	-	19,272
Earnings on investments	-	5,945	5,945
Total Revenues	$ 1,129,244	$ 5,945	$ 1,135,189
Expenditures			
Capital outlay	$ 1,141,807	$ 1,441,697	$ 2,583,504
Debt retirement:			
Principal on long-term debt	105,000	-	105,000
Interest on long-term debt	9,104	-	9,104
Total Expenditures	$ 1,255,911	$ 1,441,697	$ 2,697,608
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ (126,667)	$ (1,435,752)	$ (1,562,419)
Other Financing Sources (Uses)			
Proceeds from installment note	$ 630,000	$ -	$ 630,000
Total Other Financing Sources (Uses)	$ 630,000	$ -	$ 630,000
Net Change in Fund Balances	$ 503,333	$ (1,435,752)	$ (932,419)
Fund Balances - Beginning of year	95,017	2,918,043	3,013,060
Fund Balances - End of year	$ 598,350	$ 1,482,291	$ 2,080,641

COMBINING BALANCE SHEET– NON-MAJOR DEBT SERVICE FUNDS AS OF JUNE 30, 2021

	2016/2020 Debt Service Fund	2005/2010/2015 B Debt Service Fund	2010/2013/2015 A Debt Service Fund	Total Non-Major Debt Service Funds
Assets				
Cash and cash equivalents	$ 19,782	$ 29,219	$ 47,099	$ 96,100
Investments	1,494	186,043	273,156	460,693
Due from other governmental units	767	1,280	2,252	4,299
Total Assets	$ 22,043	$ 216,542	$ 322,507	$ 561,092
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ -	$ -	$ -	$ -
Total Liabilities	$ -	$ -	$ -	$ -
Fund Balances				
Restricted for debt retirement	$ 22,043	$ 216,542	$ 322,507	$ 561,092
Total Fund Balances	$ 22,043	$ 216,542	$ 322,507	$ 561,092
Total Liabilities and Fund Balances	$ 22,043	$ 216,542	$ 322,507	$ 561,092

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES–
NON-MAJOR DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2021

	2016/2020 Debt Service Fund	2005/2010/2015 B Debt Service Fund	2010/2013/2015 A Debt Service Fund	Total Non-Major Debt Service Funds
Revenues				
Property taxes	$ 735,448	$ 1,227,844	$ 2,159,083	$ 4,122,375
Earnings on investments	1,223	486	1,611	3,320
Miscellaneous revenue	12,270	20,450	36,067	68,787
Total Revenues	$ 748,941	$ 1,248,780	$ 2,196,761	$ 4,194,482
Expenditures				
Supporting services	$ 1,000	$ -	$ 1,355	$ 2,355
Debt retirement:				
Principal on long-term debt	485,000	1,125,000	870,000	2,480,000
Interest on long-term debt	298,084	113,000	1,371,013	1,782,097
Total Expenditures	$ 784,084	$ 1,238,000	$ 2,242,368	$ 4,264,452
Net Change in Fund Balances	$ (35,143)	$ 10,780	$ (45,607)	$ (69,970)
Fund Balances - Beginning of year	57,186	205,762	368,114	631,062
Fund Balances - End of year	$ 22,043	$ 216,542	$ 322,507	$ 561,092

SINGLE AUDIT INFORMATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

Federal Grantor Pass Through Grantor Program Title Grant Number	Grant/ Project Number	Assistance Listing Number	Approved Grant Award Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue July 1, 2020	Adjustments	Federal Funds/ In-Kind Payments	Federal Expenditures	Accrued (Deferred) Revenue June 30, 2021
U.S Department of Agriculture									
Passed through the Michigan Department of Education:									
Child Nutrition Cluster									
National School Lunch Program:									
Non-Cash Assistance (Donated Foods) - Entitlement Commodities - 2020/2021	N/A	10.555	$ 65,134	$ -	$ -	$ -	$ 65,134	$ 65,134	$ -
Non-Cash Assistance (Donated Foods) - Bonus - 2020/2021	N/A	10.555	623	-	-	-	623	623	-
Total Non-Cash Assistance			$ 65,757	$ -	$ -	$ -	$ 65,757	$ 65,757	$ -
Total National Lunch Program			$ 65,757	$ -	$ -	$ -	$ 65,757	$ 65,757	$ -
Cash Assistance:									
Summer Food Service Program for Children:									
COVID-19 SFSP Operating	200900	10.559	$ 47,379	$ -	$ -	$ -	$ 47,379	$ 47,379	$ -
COVID-19 SFSP Operating	210904	10.559	925,357	-	-	-	925,357	925,357	-
Total COVID - 19 Summer Food Service Program for Children			$ 972,736	$ -	$ -	$ -	$ 972,736	$ 972,736	$ -
Total Cash Assistance			$ 972,736	$ -	$ -	$ -	$ 972,736	$ 972,736	$ -
Total Child Nutrition Cluster			$ 1,038,493	$ -	$ -	$ -	$1,038,493	$ 1,038,493	$ -
Total U.S. Department of Agriculture			**$ 1,038,493**	**$ -**	**$ -**	**$ -**	**$1,038,493**	**$ 1,038,493**	**$ -**

See accompanying notes to Schedule of Expenditures of Federal Awards.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

Federal Grantor Pass Through Grantor Program Title Grant Number	Grant/ Project Number	Assistance Listing Number	Approved Grant Award Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue July 1, 2020	Adjustments	Federal Funds/ In-Kind Payments	Federal Expenditures	Accrued (Deferred) Revenue June 30, 2021
U.S. Department of Education									
Passed through Michigan Department of Education									
Grants to Local Educational Agencies - Title I, Part A									
Title I, Part A 1920	201530	84.010	$ 215,228	$ 208,824	$ 77,366	$ -	$ 77,366	$ -	$ -
Title I, Part A 2021	211530	84.010	193,444	-	-	-	95,932	190,266	94,334
Total Title I, Part A			$ 408,672	$ 208,824	$ 77,366	$ -	$ 173,298	$ 190,266	$ 94,334
Student Support and Academic Enrichment Grant - Title IV, Part A									
Title IV, Part A 2021	210750	84.424	$ 12,350	$ -	$ -	$ -	$ -	$ 12,350	$ 12,350
Total Title IV, Part A			$ 12,350	$ -	$ -	$ -	$ -	$ 12,350	$ 12,350
Improving Teacher Quality - Title II, Part A									
Title II, Part A 1920	200520	84.367	$ 70,215	$ 63,627	$ 5,203	$ -	$ 5,203	$ -	$ -
Title II, Part A 2021	210520	84.367	52,042	-	-	-	-	32,993	32,993
Total Title II, Part A			$ 122,257	$ 63,627	$ 5,203	$ -	$ 5,203	$ 32,993	$ 32,993
Education Stabilization Fund									
COVID -19 Elementary and Secondary School - Emergency Relief Fund (ESSER I) - 1920	203710	84.425D	$ 161,030	$ -	$ -	$ -	$ -	$ 148,503	$ 148,503
Total COVID -19 Elementary and Secondary School - Emergency Relief Fund (ESSER I)			$ 161,030	$ -	$ -	$ -	$ -	$ 148,503	$ 148,503
Passed through the Berrien RESA									
Perkins V 2020-2021	N/A	84.048	$ 40,301	$ -	$ -	$ -	$ 40,301	$ 40,301	$ -
State - Perkins V 2020-2021			$ 40,301	$ -	$ -	$ -	$ 40,301	$ 40,301	$ -
Total U.S. Department of Education			**$ 744,610**	**$ 272,451**	**$ 82,569**	**$ -**	**$ 218,802**	**$ 424,413**	**$ 288,180**
U.S. Department of Health and Human Services									
Passed through the Berrien RESA									
Medicaid Outreach - 2020/2021	N/A	93.778	$ 16,214	$ -	$ -	$ -	$ 16,214	$ 16,214	$ -
Total Medicaid Cluster			$ 16,214	$ -	$ -	$ -	$ 16,214	$ 16,214	$ -
Total U.S. Department of Health and Human Services			**$ 16,214**	**$ -**	**$ -**	**$ -**	**$ 16,214**	**$ 16,214**	**$ -**

See accompanying notes to Schedule of Expenditures of Federal Awards.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

Federal Grantor Pass Through Grantor Program Title Grant Number	Grant/ Project Number	Assistance Listing Number	Approved Grant Award Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue July 1, 2020	Adjustments	Federal Funds/ In-Kind Payments	Federal Expenditures	Accrued (Deferred) Revenue June 30, 2021
U.S. Department of Treasury									
Passed through Michigan Department of Education									
COVID - 19 Coronavirus Relief Funds									
COVID -19 Coronavirus Relief Funds	11(p)	21.019	$ 1,057,025	$ -	$ -	$ -	$1,057,025	$ 1,057,025	$ -
COVID -19 Coronavirus Relief Funds - District COVID Costs	103(2)	21.019	37,207	-	-	-	37,207	37,207	-
Total Passed through Michigan Department of Education			$ 1,094,232	$ -	$ -	$ -	$1,094,232	$ 1,094,232	$ -
Passed through MAISA/Copper County ISD									
COVID -19 Coronavirus Relief Funds - MiConnect Connectivity Funding	N/A	21.019	$ 69,318	$ -	$ -	$ -	$ 69,318	$ 69,318	$ -
Total Passed through MAISA/Copper County ISD			$ 69,318	$ -	$ -	$ -	$ 69,318	$ 69,318	$ -
Total COVID - 19 Coronavirus Relief Funds			$ 1,163,550	$ -	$ -	$ -	$1,163,550	$ 1,163,550	$ -
Total U.S. Department of Treasury			**$ 1,163,550**	**$ -**	**$ -**	**$ -**	**$1,163,550**	**$ 1,163,550**	**$ -**
Total Federal Financial Assistance			**$ 2,962,867**	**$ 272,451**	**$ 82,569**	**$ -**	**$2,437,059**	**$ 2,642,670**	**$ 288,180**

See accompanying notes to Schedule of Expenditures of Federal Awards.

SECTION I – SUMMARY OF AUDITORS RESULTS

Financial Statements

Type of auditors report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	[ ] Yes	[X] No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	[ ] Yes	[X] None reported
Noncompliance material to financial statements noted?	[ ] Yes	[X] No

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	[ ] Yes	[X] No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	[ ] Yes	[X] None reported
Type of auditors report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Section 2 CRF 200.516 (a)?	[ ] Yes	[X] No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster
21.019	Coronavirus Relief Funds

Dollar threshold used to distinguish between type A and type B programs:	$750,000	
Auditee qualified as low-risk auditee?	[X] Yes	[ ] No

SECTION II –STATUS OF PRIOR YEAR FINANCIAL STATEMENT FINDINGS

There were no prior year findings.

SECTION III – FINANCIAL STATEMENT FINDINGS

There are no financial statement findings.

SECTION IV – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no federal award findings or questioned costs.

NOTE 1. **BASIS OF PRESENTATION:**

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

The District qualifies for low-risk auditee status. Management has utilized the NexSys, Cash Management System and the Grant Auditor Report in preparing the Schedule.

NOTE 2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principals contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein *certain* types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Passthrough entity identifying numbers are presented where available.

NOTE 3. **FOOD DISTRIBUTION**

The amounts reported on the Recipient Entitlement Balance Report ("PAL" report), agree with this schedule for USDA donated food commodities and are reported in the Federal Funds/In-Kind Payments column. Spoilage or pilferage, if any, is included in expenditures.

NOTE 4. **SCHEDULE OF RECONCILIATION OF EXPENDITURES WITH EXPENDITURES FOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

The actual Federal source expenditures amounted to $2,642,670 per the audit of the financial statements. The related expenditures are composed of the following:

	Amount
Actual cash expenditures	$ 2,576,913
Non-cash entitlement commodities & bonus used	65,757
	$ 2,642,670

NOTE 5. INDIRECT COSTS

The District has elected not to use the 10 percent de minimus indirect cost rate to recover indirect costs as allowed under the Uniform Guidance.

NOTE 6. PASS-THROUGH SUBRECIPIENTS

The District did not pass-through any federal award dollars to any subrecipients.

NOTE 7. DONATED PERSONAL PROTECTIVE EQUIPMENT

The District did not receive any donated personal protective equipment.

Management Compliance Letters

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Education of
St. Joseph Public Schools
St. Joseph, Michigan

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, each major fund, and the aggregate remaining fund information of the St. Joseph Public Schools as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise St. Joseph Public Schools' basic financial statements and have issued our report thereon dated October 20, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

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*, Concluded

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.

Respectfully submitted,

Kruggel, Lawton & Company, LLC

Certified Public Accountants

St. Joseph, Michigan

October 20, 2021

KRUGGEL LAWTON CPA

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Education of
St. Joseph Public Schools
St. Joseph, Michigan

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance, Concluded

<u>Report on Internal Control Over Compliance</u>

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

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

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

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

Respectfully submitted,

Kruggel, Lawton & Company, LLC

Certified Public Accountants

St. Joseph, Michigan
October 20, 2021