

Comprehensive Annual Financial Report



Clinton Township, MI

Year Ended
June 30, 2018

**Comprehensive Annual Financial Report
L'Anse Creuse Public Schools
24076 F. V. Pankow Blvd
Clinton Township, MI 48036**

**For the Fiscal Year Ended
June 30, 2018**

Board of Education

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Vice President
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Assistant Superintendent for Human Resources
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Director for Public and Community Services
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Erik J. Edoff
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Michael Van Camp
Lisa Montpas
Kelly Allen
Nancy Supanich

Report Prepared by the Business Office Department

Rochelle Gauthier, Assistant Superintendent for Business and Operations
Beth Disbrow, Interim Director for Finance
Martha Luks, Accountant
Catherine Natzke, Accountant

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Erik Edoff
SUPERINTENDENT

BUSINESS OFFICE

Rochelle M. Gauthier
ASSISTANT SUPERINTENDENT FOR
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October 17, 2018

To the Citizens and Board Members:

This introductory section of L'Anse Creuse Public Schools' (the "School District") annual financial report presents an overview of the School District, major initiatives, and program highlights.

Report Organization

This report is organized into three sections. The introductory section presents the organizational chart for the School District, as well as the Certificate of Excellence in Financial Reporting (CAFR) award received for the fiscal year ended June 30, 2017. The Association of School Business Officials International (ASBO) awards the CAFR certificate to districts that meet or exceed the reporting principles and standards set by ASBO.

The financial section contains the auditor's opinion letter and the management's discussion and analysis report. The management's discussion and analysis report provides a more detailed analysis of the financial condition of the School District. The School District's basic financial statements, fund financial statements, and required supplemental information are also contained in this section. The statistical section presents selected financial and demographic information on a multi-year basis when appropriate.

Management's Discussion and Analysis

Generally accepted accounting principles under GASB Statement No. 34 require that management provide financial report users with a simple narrative introduction, overview, and analysis of the basic financial statements in the form of a management's discussion and analysis (MD&A), which is required supplemental information. This letter of transmittal is meant to complement the MD&A and should be read in connection with it. The MD&A can be found immediately following the independent auditor's report in the financial section of this report.

School District Background

L'Anse Creuse Public Schools is a public school district operating under the laws of the State of Michigan to offer a free public education to all students within its boundaries. L'Anse Creuse Public Schools is located in the County of Macomb. The School District has an area of 35.4 square miles and includes all of Harrison Township, parts of Chesterfield, Clinton, and Macomb Townships, and small portions of the cities of Mount Clemens and St. Clair Shores. The School District is governed by a Board of Education consisting of seven publicly elected members.

The present School District resulted from the consolidation of five elementary school districts in 1954. Enrollment was then 1,600 students. Today approximately 548 teachers, providing for an approximate 20 to 1 teacher/student ratio, teach approximately 10,928 students. The School District is comprised of 9 elementary schools, four middle schools, and three traditional high schools, including the Frederick V. Pankow Center for Career Education, which offers comprehensive career and job training in business, health service, human service, trade, and industry. The DiAnne M. Pellerin Center is an NCA accredited, non-traditional high school that provides an alternative approach to the high school experience. The students at the DiAnne M. Pellerin Center, engage in academic activities that lead to a L'Anse Creuse diploma. In addition, L'Anse Creuse Public Schools provides educational services to the Macomb County Juvenile Justice Center and adult education to the Macomb County Jail year-round.

The Comprehensive Annual Financial Report of L'Anse Creuse Public Schools for the fiscal year ended June 30, 2018 is submitted herewith. This report was prepared by the finance department and contains all activities under the control of the Board of Education. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the School District. We believe that the data, as presented, is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and results of operations of the School District as measured by the financial activity of its various funds, with all disclosures necessary to enable the reader to gain the maximum understanding of the School District's financial affairs. In accordance with the Board of Education's commitment to communication, detailed financial information related to the fiscal operations of the School District has been presented for public review on a timely basis throughout the year at monthly Board of Education meetings.

Economic Condition and Outlook

L'Anse Creuse Public Schools is maintained by the taxpayers of four townships (Harrison, Clinton, Chesterfield, and Macomb Townships) and small portions of the cities of Mount Clemens and St. Clair Shores. The taxable assessed valuations (TAVs) of these properties increased an average of 4.4 percent from the prior year. This increase in TAVs has a direct effect on the amount of revenue the School District will receive in state aid from the Michigan Department of Education. As the townships' TAVs increase, the local portion of revenue increases, and the Michigan Department of Education's portion of the foundation allowance decreases.

On March 15, 1994, Michigan voters went to the polls to vote on school funding reform. The ballot proposal passed, amending the State of Michigan Constitution. State Aid Act 5123, Sec. 20, (1) provides basic foundation allowance and a formula for a supplemental allowance for 1994-1995. Sec. 20, (2) is the language for the base allowance for 2017-2018. Sec. 147, (2) mandates the shifting of the employer's share for employee Social Security and state retirement costs previously paid by the State to the local district. The Michigan Public School Employees' Retirement System (MPERS) underwent massive reform during the 2013 fiscal year. As a result of the reform, employees have options in which to choose for retirement. Based on an employee's retirement choice, the MPERS contribution rate can range from 20.96% to 27.16%.

L'Anse Creuse Public Schools is primarily made up of residential communities. The major industries are industrial and retail. Two of the four communities within the district boundaries experienced an increase and two experienced a decrease in the issuance of single family building permits. Chesterfield Township shows an increase of 64% in growth for 2016 and 2017. Macomb Township also showed an increase of 17% in the number of single family building permits over the previous year. Clinton Township shows a decrease of 12%. Harrison Township's total permits decreased from 2016 to 2017 by 14%.

L'Anse Creuse Public Schools owns and maintains 21 buildings, of which two are used for administrative and support services. Buildings were constructed between 1954 and 2013. In addition, improvements to buildings totaling approximately \$172,000,000 have been made in the past 13 years.

Major Initiatives

The L'Anse Creuse Board of Education adopted a strategic plan for the School District during 2013-2014. The committee consisted of several board members, School District administrators, teachers, support staff, students, and parents. They met several times in the spring to collaborate on the School District's goals. The plan was presented and approved by the Board of Education in June 2014.

The mission statement answers our reason for being. It is: "To create a challenging collaborative learning community which prepares all students for success in global society". The goals of the strategic plan are as follows:

1. Engage students in real-world experiences that develop life-long learners to be successful in a technological and dynamic global society
2. Provide all students within our community with opportunities and experiences that encourage and challenge them to reach their personal best.
3. Ensure financial stability while maintaining high quality educational programs and services for all.
4. Strengthen our evolving identity where all community members celebrate successes, promote community pride and believe and support L'Anse Creuse is the home of the best students, parents and educators.

In addition to the mission, we have seven beliefs:

1. High academic and behavioral expectations for all learners
2. A safe and nurturing learning environment
3. Instruction that prepares students for a global society
4. Fiscal responsibility
5. Respect for all individuals
6. Collaborative partnerships with community members, parents and teachers
7. The importance of district tradition and history

We believe that a strategic plan results in a common purpose, common sense of direction, priorities for change, protection against overextending, goal-orientation, and longer-term effort.

For the Year - L'Anse Creuse Public Schools believes that an alcohol- and drug-free school system is essential for a healthy community. The challenge of meeting this belief is aided by the activities of the L'Anse Creuse Community Action Coalition (CAC).

The CAC is composed of school staff, business leaders, law enforcement officials, and health and service professionals who work as a team to promote, enhance, and maintain a zero tolerance policy regarding alcohol, tobacco, and other drugs, while helping students cope with the day-to-day stresses of being a teen. In the 2017-2018 school year, the CAC also sponsored its 17th annual "Dialogue Day," which assembled over 200 students, educators, and community leaders together to discuss openly the issues teens face today. In addition, the group hosted two Call to Conversation events which focused on educating parents and students on the dangers of vaping.

L'Anse Creuse Public Schools voluntarily participates in AdvanceED accreditation at the high school level. All high schools are presently accredited by AdvancED.

L'Anse Creuse attendance rates average more than 94 percent daily. Scholarship monies offered to L'Anse Creuse seniors total approximately \$8.1 million. All L'Anse Creuse High Schools students take the PSAT and SAT test.

Many L'Anse Creuse students and staff continue to be recognized for excellence through state and national awards. They received honors in writing, speech, music, athletics, co-teaching, art, technology, science, reading, journalism, and more. To enhance effective aspects of the educational process, both high schools instituted a community service requirement. L'Anse Creuse's class of 2018 contributed over 67,500 hours of service. This is viewed as a model throughout the state for the students and staff of other districts.

The L'Anse Creuse Foundation is an independent, nonprofit organization formed in 1989 by community business members and L'Anse Creuse Public Schools. The Foundation is dedicated to obtaining additional financial resources for students within the School District to enhance

educational opportunities and provide scholarships. To date, the Foundation has been able to award over \$580,000 in grants and scholarships. This past year, it awarded nearly \$15,000 in grants to teachers and \$10,000 in scholarships for graduating high school seniors and \$10,000 in special funding for events and projects district wide.

In June 2010, the Boards of Education for L'Anse Creuse Public Schools and New Haven Community Schools entered into a shared service agreement. The first agreement went into effective for the 2011 fiscal year. The Board has elected to continue the agreement through the 2019 fiscal year. Under this agreement, L'Anse Creuse Public Schools shall provide certain information technology services for New Haven Community Schools and business and human resource services as needed.

For the Future - Michigan Public Acts 25 and 335 (P.A. 25 and P.A. 335) of 1990 made changes in the School Code of Michigan. P.A. 335 further expanded P.A. 25. P.A. 25 requires annual reporting on at least the following seven areas:

- School improvement
- Core curriculum
- Accreditation
- Student achievement
- Parent participation
- Retention rates
- Specialized schools

P.A. 335 requires grade level indicators be developed and distributed to parents, students, and the community.

Every year, written annual reports are posted on each school's web page, as well as the School District's website. Written copies are available through the Office of Community Relations.

Implementation of essential curriculum is crucial to our mission of teaching all students. We are constantly working on revising and aligning our curriculum. We continue to fully implement the Michigan State Standards, as required by the Michigan Department of Education. We will continue to monitor curriculum and student achievement in English, mathematics, science, and social studies. Instructional strategies, assessments, and class offerings are monitored and adjusted regularly. L'Anse Creuse Public Schools continues a commitment to building a strong academic program through quality curriculum alignment and professional development.

Department Focus - L'Anse Creuse Public Schools employs one teacher for every 20 students. We are very proud of the accomplishments of our dedicated, hard-working staff over the past year. Some of the more significant department accomplishments are as follows:

- Students certified by the L'Anse Creuse special education department receive vocational programming beginning at the elementary school level that continues through the middle school program. The first two years of high school continue to emphasize the vocational application of the skills learned in the subjects taken by the students. Beginning in their junior year, the students have a variety of vocational training and work placement opportunities available to them. The special education department participates in the Michigan Business Partnership School Adoption Program, Community-based Vocational Programs, MDE Cash Match Program, Targeted Job Tax Credit Program through the Michigan Employment Security Agency (MESA), and our own work study program. Each of the programs provides opportunities for students receiving special education services.

- Co-teaching at the elementary and secondary levels continues to prove very effective at improving the social and educational skills of the students involved. This is achieved through a partnership between special education and general education teachers who work together to take an active role in the teaching responsibilities of students receiving special education services. Overall, this is an excellent program undergoing continuous and positive changes.
- L'Anse Creuse conducts a preschool screening program for all four-year-old children in the School District. This past year, approximately 83 children participated in the screening process. This process provides the parent with information concerning the pre-kindergarten readiness skills of their children.
- In addition to preschool screening, L'Anse Creuse Public Schools operates five Early Childhood Special Education programs for the preschool-age student. These programs provide the children with a rich language development-based curriculum that maximizes each child's ability to grow socially and increases his or her readiness skills. This year, approximately 100 children were involved in this preschool experience.
- L'Anse Creuse Public Schools offers a number of excellent pre-kindergarten programs. The L'Anse Creuse Early Childhood Program offers tuition-based preschool, The Great Start Readiness Program, parent/child interactive and early learning programs, before and after school care, toddler care, full-day childcare, and summer mini-camps. The main goal is the healthy development of children in a loving and caring environment with the focus on child-centered activities and the development of the whole child.
- In the 2014-2015 school year, the district offered an Elementary Chinese Immersion Program for kindergarten students. Students in the program, which was held at Yacks and Carkenord Elementary Schools, have a Chinese teacher in their classroom for half of their day. There are two sections of kindergarten participating in the program. They cover the same curriculum for their grade level; however, half of their instruction will be delivered in Mandarin Chinese. Elementary immersion takes advantage of young children's innate ability to acquire language through early introduction and immersion in Chinese. In order to ensure that students develop proper pronunciation and understanding of Chinese, all elementary Chinese immersion teachers are native Chinese. L'Anse Creuse employs a Chinese language immersion model for the elementary level. This program proved to be successful and popular and was expanded to first grade in the 2015-2016 school year.
- The L'Anse Creuse Hybrid Initiative involves the development of high school hybrid courses. In these courses, a portion of the instruction is traditional face-to-face instruction while the other portion occurs during online days, for which students are not required to be present if they maintain a minimum grade point average. Hybrid teachers utilize online collaborative platforms to disseminate curriculum and encourage classroom participation. Evidence indicates the program has been successful in terms providing students with a college preparatory experience in terms of the inevitable encounter of varied format classes. Furthermore, it has provided our staff members with the opportunity to utilize a variety of formats to reach their students. It has also provided an opportunity for increased professional development in areas of the blended classroom experience.
- In the 2014-2015 school year, the district introduced the Air Force Junior Reserve Officer Training Corps (AFJROTC). This program instills in students in the 9th-12th grade the values of citizenship, service to the United States, personal responsibility, and personal responsibility through education and mentoring. The AFJROTC program is for students of all grade levels 9th-12th. The curriculum is academically comparable to a secondary level science course and includes an introduction to aviation, national defense, careers, space, global studies, leadership and health and wellness. The mission of the AFJROTC program is to develop citizens of character dedicated to serving their nation and community. More

specifically, the program is designed to educate and train high school cadets in citizenship; promote community service; instill responsibility; character and self-discipline; and provide instruction in air and space fundamentals.

- The L'Anse Creuse Center for Lifelong Learning (CLL) is a program that caters to the unique educational needs of individuals ages 17 and older in the areas of high school completion, GED preparation, literacy development, ESL (English as a Second Language), career retraining programming, and testing/assessment opportunities. The district has approved the closing of the CLL building in Mt. Clemens. The programs moved to the DiAnne Pellerin Center starting with the 2017-2018 school year.
- The DiAnne M. Pellerin Center provides alternative educational programming for local students ages 14-19 in core academic content areas and elective programming such as art, technology, and vocational education. A cornerstone to the program is a highly effective, required, counseling component that assists students to deal with social, behavioral, and emotional issues that may have previously contributed to lower academic achievement in the student. The students engage in interactive learning activities in a small environment, which also provides growth in student organizations, activities, and events. The DiAnne M. Pellerin Center has been accredited by NCA-CASI.

The DiAnne M. Pellerin Center has a program designed to meet the individual needs of students who attend. The Center focuses on each student's individual learning needs and curricular concerns. Students work on self-paced curriculum with extensive tutoring support. Students can expedite their progress in higher-level learning curriculums.

- The Macomb County Juvenile Justice Center School is a unique public school program operated by L'Anse Creuse Public Schools Department of Special Education in conjunction with the Macomb County Juvenile Court. Two major goals of the program are to provide a positive learning environment and to improve student competency for delinquent, neglected, and/or abused children who reside in the Juvenile Justice Center. The Macomb County Juvenile Justice Center School had 706 enrollments in 2017-2018 (August-June). The summer school program (June 2018 - August 2018) had a total enrollment of 86 students. The facility includes 140 beds and is accredited through the Correctional Education Association as meeting specific national standards.
- Correctional education provides a comprehensive curriculum for incarcerated adults housed in the Macomb County Jail. The curriculum for this department of adult education is broad-based and encompasses academic classes, General Equivalency Degree (GED) preparation, career counseling, employability skills, and transition services.
- The L'Anse Creuse Community Education Program is a full-service program that provides educational, enrichment, fitness and recreational activities for students from preschool age to senior citizen status. In 2017-2018, the Community Education Program served in excess of 6,400 residents of the community. The Trips and Tours program offered 75 trips while the Swim Program served over 1,200 students and community members. The Summer Athletic Camps served 600 students introducing them to a new sport experience or enhancing their skills. The program also offers senior citizens a varied schedule of free and fee-based classes and activities that help to meet the educational, recreational, and social needs of the senior citizen community.
- The School Age Child Care Program offers before- and after-school child care services in nine elementary buildings when school is in session. The program is licensed by the state of Michigan and is staffed by certified child care workers. In the 2017-2018 school year, the program serviced 1,222 students, ages 5-12.

- Summer day camp is provided at two school buildings within the School District for summer child care services. The all-day program features field trips, special events, science and technology experiences, fitness and recreational opportunities for children ages 5-12 years. In 2017-2018, we served 284 students.
- The School District has a unique program to help its students. Recognizing that for some students the only meal of the day comes from the federally funded National School Lunch free or reduced breakfast and lunch program, the School District partnered with Gleaners Food Bank and started the Food- 4-Kids Program. The monthly program provides non-perishable food as well as fresh fruit, vegetables, and large packages of beef or chicken. The program served approximately 75 students each month. The School District, recognizing that there is still a need during the summer months, continued the program during the summer. In summer 2018, over 180 were enrolled in the program.
- In June, July and August, the School District, through the National School Lunch Program, offered a summer lunch program to the School Districts' students. The program called Meet Up and Eat Up, had eight mobile sites and a site at one of the elementary schools. A total of 4,094 free lunches were served to local children. The district partnered with the Chesterfield Library and each Tuesday, a library staff member would work on a craft and read a book to the children at each mobile site. The District also distributed backpacks to 60 kids filled with school supplies.

Internal Accounting Controls

An internal control system has been designed to ensure that the assets of L'Anse Creuse Public Schools are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurances recognizes that (1) the cost of the control should not exceed the benefits likely to be derived and (2) the valuation of cases and benefits requires estimates and judgments by management. As a recipient of federal and state financial assistance, L'Anse Creuse Public Schools is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. The internal control system is subject to periodic review by management.

As part of the L'Anse Creuse Public Schools single audit, internal controls over financial reporting were considered in the planning and performance of the audit, and tests of compliance with certain provisions of laws, regulations, contracts, and grants were performed. The results of L'Anse Creuse Public Schools' single audit for the fiscal year ended June 30, 2017 provided no instances of material weaknesses in the internal control system or violations of applicable laws and regulations.

Budgetary Control

The level of budgetary control (that is, the level at which expenditures cannot legally exceed appropriated amounts) is established in accordance with a resolution of the L'Anse Creuse Public Schools Board of Education. Budgets are legally adopted for the General Fund and the special revenue funds.

The School District's budgetary control and system of internal accounting were designed to adequately safeguard assets and provide reasonable assurances of proper recording of financial transactions. A budget oversight and development process is in place that is focused on achievement of the School District's strategic plan. Ultimate budget oversight for the entire School District rests with the superintendent and the assistant

superintendent for business and operations. Budget variances are discussed in the management's discussion and analysis and detailed in Note 2 to the financial section.

The report of L'Anse Creuse Public Schools' independent certified public accountants, Yeo & Yeo, appears on page 2-1 of this report. Their audit of the basic financial statements was performed in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* and, accordingly, included consideration of the Board of Education's system of budgetary and accounting controls.

Independent Audit

State of Michigan statutes require that each school district have an annual audit conducted by independent certified public accountants. The L'Anse Creuse Public Schools Board of Education appointed the accounting firm of Yeo & Yeo to perform this service for the 2017-2018 fiscal year. In addition, 2 CFR 200 (The Uniform Guidance) requires that all governmental recipients of federal assistance have organizational-wide financial and compliance audits on an annual basis.

Both of these requirements have been met. The auditor's report on the basic financial statements is included herein, with an unqualified opinion, containing no scope limitations.

Awards

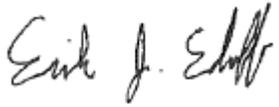
The Association of School Business Officials International (ASBO) has awarded a Certificate of Excellence in Financial Reporting to the School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017.

In order to be awarded a Certificate of Excellence, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

Acknowledgements

The preparation of this report on a timely basis could not have been accomplished without the effort and dedicated services of the entire staff of the financial department. We would like to express our appreciation to all the members of this office who assisted in the timely closing of the School District's financial records and the preparation of this report.

We would also like to express our appreciation to other departments and individuals who assisted in the preparation of this report.



Erik Edoff
Superintendent of Schools



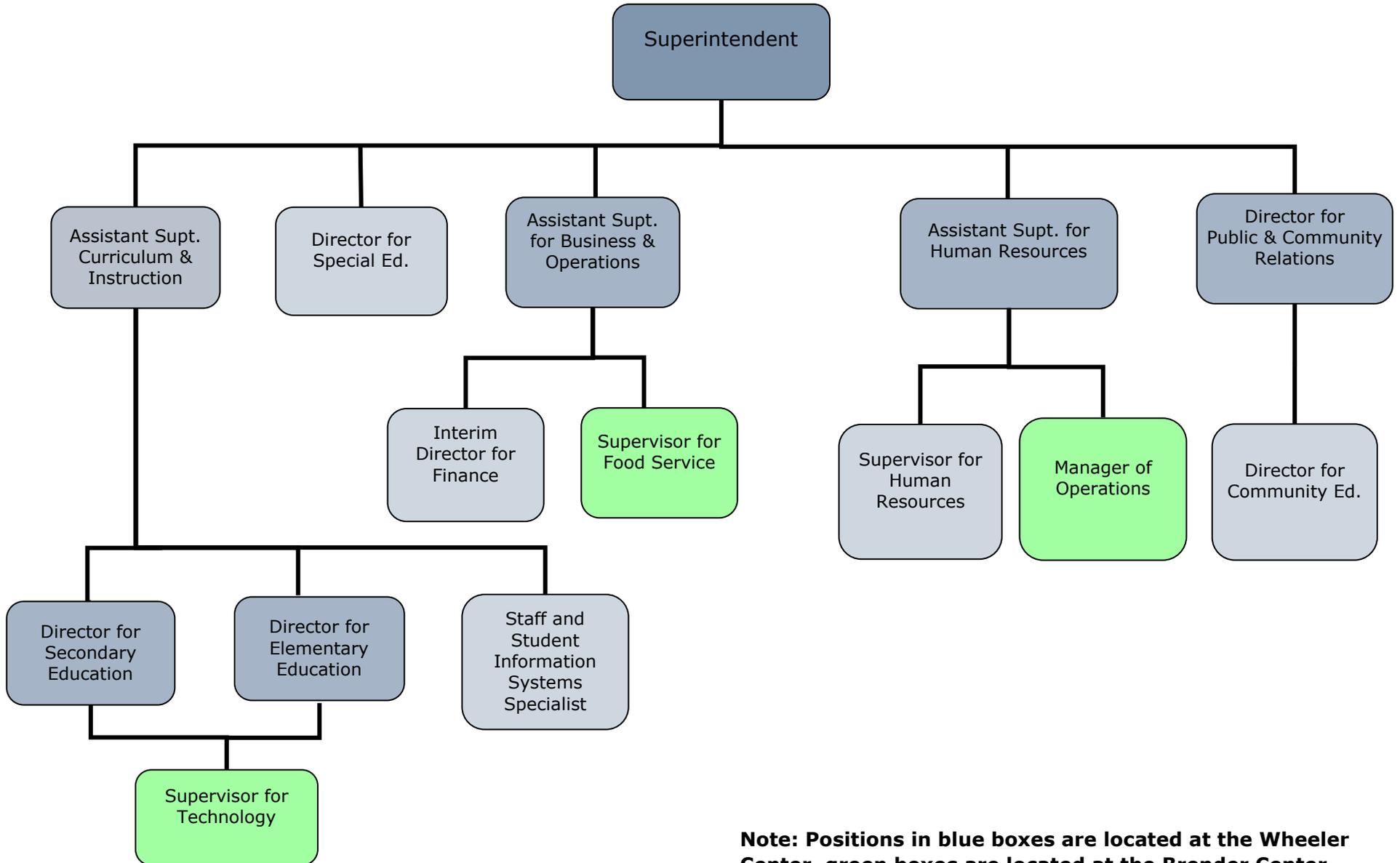
Rochelle M. Gauthier
Assistant Superintendent for
Business and Operations



Beth Disbrow
Interim, Director for Finance

Harry L. Wheeler Community Center and Administrative Offices and Larry F. Brender Support Services Center

Central Administration 2017-2018



Note: Positions in blue boxes are located at the Wheeler Center, green boxes are located at the Brender Center housed in another building.



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

L'Anse Creuse Public Schools

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2017.**

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards.



A handwritten signature in black ink, reading 'Charles E. Peterson, Jr.' The signature is written in a cursive style and is positioned above a horizontal line.

Charles E. Peterson, Jr., SFO, RSBA, MBA
President

A handwritten signature in black ink, reading 'John D. Musso'. The signature is written in a cursive style and is positioned above a horizontal line.

John D. Musso, CAE
Executive Director



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Independent Auditor's Report

Management and the Board of Education
L'Anse Creuse Public Schools
Clinton Township, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of L'Anse Creuse Public Schools, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School 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.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of L'Anse Creuse Public Schools, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Standards

As described in Note 1 to the financial statements, during the year ended June 30, 2018, the School District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

Other Matters:

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the school district's proportionate share of the net pension liability, schedule of the school district's pension contributions, schedule of the school district's proportionate share of the net OPEB liability, and schedule of the school district's OPEB contributions 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 L'Anse Creuse Public Schools' basic financial statements. The other supplementary information, introductory section, and statistical section and other information, as identified in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

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

The introductory section and statistical section and other information, as identified in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2018 on our consideration of L'Anse Creuse Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of L'Anse Creuse Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering L'Anse Creuse Public Schools' internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Flint, Michigan
October 17, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

L'Anse Creuse Public Schools

Management's Discussion and Analysis (Continued)

This section of L'Anse Creuse Public Schools' (the "School District") annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2018. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand L'Anse Creuse Public Schools financially as a whole. The district-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the district-wide financial statements by providing information about the School District's most significant funds - the General Fund, the 2017B Refunding Bond and the 2010 Series A Capital Projects Fund - with all other funds presented in one column as nonmajor funds. Three of the remaining statements, the statement of fiduciary net position, the statement of changes in fiduciary net position and the statement of changes in assets and liabilities present financial information about activities for which the School District acts solely as an agent for the benefit of students and parents. The other remaining statements relate to the School District's Proprietary Funds (Internal Service Funds).

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

Basic Financial Statements

District-wide Financial Statements

Fund Financial Statements

Notes to the Basic Financial Statements

Required Supplemental Information

Budgetary Comparison Schedule

Schedule of the School District's Proportionate Share of the Net Pension Liability

Schedule of the School District's Contributions

Other Supplementary Information

L'Anse Creuse Public Schools

Management's Discussion and Analysis (Continued)

Reporting the School District as a Whole - District-wide Financial Statements

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The statement of net position and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

These two statements report the School District's net position - the difference between assets and liabilities, as reported in the statement of net position - as one way to measure the School District's financial health or financial position. Over time, increases or decreases in the School District's net position - as reported in the statement of activities - are indicators of whether its financial health is improving or deteriorating. The relationship between revenue and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District.

The statement of net position and the statement of activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, community services, athletics, child care, and food services. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities.

Reporting the School District's Most Significant Funds - Fund Financial Statements

The School District's fund financial statements provide detailed information about the most significant funds - not the School District as a whole. Some funds are required to be established by state law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (the Food Service Fund is an example) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects). The governmental funds of the School District use the following accounting approach:

Governmental Funds - All of the School District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending.

They are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides.

Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in reconciliations.

L'Anse Creuse Public Schools

Management's Discussion and Analysis (Continued)

Proprietary Funds – Proprietary fund reporting focuses on economic resources measurement and full accrual accounting. The proprietary fund statements present a long-term view of operations and the services it provides to other funds. Revenue and expenditures are recorded when earned or obligated, regardless of when the cash is actually paid.

The School District as Trustee - Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for one fiduciary fund. The student activity fund represents the activities of the student and parent groups for school and school-related purposes and are considered an Agency Fund. The scholarship fund is considered a private purpose trust which includes contributions received by the School District to be awarded in the form of scholarships. All of the School District's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

L'Anse Creuse Public Schools Management's Discussion and Analysis (Continued)

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. Table 1 provides a comparative summary of the School District's net position as of June 30:

Table 1	Governmental Activities	
	June 30	
	2018	2017
	(in millions)	
Assets		
Current and other assets	\$ 28.0	\$ 33.3
Capital assets	237.7	244.0
Total assets	265.7	277.3
Deferred Outflows of Resources		
Total assets and deferred outflows of resources	53.5	36.7
Liabilities		
Current liabilities	16.0	15.9
Net pension liability	189.3	186.9
Net OPEB liability	64.7	-
Long-term liabilities	303.3	313.3
Total liabilities	573.3	516.1
Deferred Inflow of Resources		
Total liabilities and deferred inflows of resources	25.3	7.0
Net Position		
Net investment in capital assets	(52.7)	(49.4)
Restricted	2.8	2.8
Unrestricted	(229.5)	(162.4)
Total net position	\$ (279.4)	\$ (209.0)

L'Anse Creuse Public Schools

Management's Discussion and Analysis (Continued)

The above analysis focuses on the net position (see Table 1). The change in net position (see Table 2) of the School District's governmental activities is discussed below. The School District's net position was a deficit of \$279.4 million at June 30, 2018. Capital assets, net of related debt totaling a negative \$52.7 million, compares the original cost, less depreciation of the Schools Districts capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use this net position for day to day operations. The remaining amount of net position (a deficit of \$229.5 million) was unrestricted.

As required by the Government Accounting Standards Board (GASB) the School District adopted GASB 68 and 71. These standards required the inclusion of the district's proportionate share of the pension portion of the Michigan Public School Employees Retirement Plan within the District's financial statements, effective July 1, 2014. The effect of the adoption was to decrease July 1, 2014 beginning net position by \$165.2 million and the inclusion of the obligation, and related deferred inflows and outflows, in the June 30, 2015 financial statements. Similarly, effective July 1, 2017, the District adopted GASB 75, which requires the District to record our proportionate share of the OPEB portion of the retirement plan liability. The effect was a restatement of beginning net position at July 1, 2017 of \$62.3 million. All governments participating in the retirement plan were required to adopt these new standards.

The \$229.5 million deficit in unrestricted net position of governmental activities represents the accumulated results of all past years' operations – of note, this also includes the restatement to recognize the OPEB liability as described above. The unrestricted net position balance enables the School District to meet working capital and cash flow requirements as well as to provide for future uncertainties. A total of \$254.0 million of this deficit unrestricted net position is the School Districts proportionate share of the net pension and OPEB liabilities related to the Michigan Public School Employees' Retirement System. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

L'Anse Creuse Public Schools Management's Discussion and Analysis (Continued)

The results of this year's operations for the School District as a whole are reported in the statement of activities, which shows the changes in net position for fiscal years 2018 and 2017 (see Table 2).

Table 2	Governmental Activities	
	Year Ended June 30	
	2018	2017
	(in millions)	
Revenue		
Program revenue:		
Charges for services	\$ 4.6	\$ 4.5
Operating grants	27.8	27.3
General revenue:		
Property taxes	31.5	30.8
State aid - Unrestricted	65.6	65.9
Other	1.3	1.5
Total revenue	130.8	129.9
Functions/Program Expenses		
Instruction	71.9	69.9
Support services	39.1	38.4
Athletics	1.3	1.3
Food services	3.6	3.6
Community services	2.0	1.9
Payments to other public schools	-	0.1
Interest and other expenses on long-term debt	10.4	9.1
Loss on sale of capital assets (unallocated)	1.8	-
Depreciation (unallocated)	8.8	9.3
Total functions/program expenses	138.9	133.5
Decrease in Net Position	(8.1)	(3.6)
Net Position - Beginning of year	(209.0)	(205.5)
<i>Restatement for GASB 75</i>	(62.3)	-
Net Position - End of year	\$ (279.4)	\$ (209.0)

L'Anse Creuse Public Schools

Management's Discussion and Analysis (Continued)

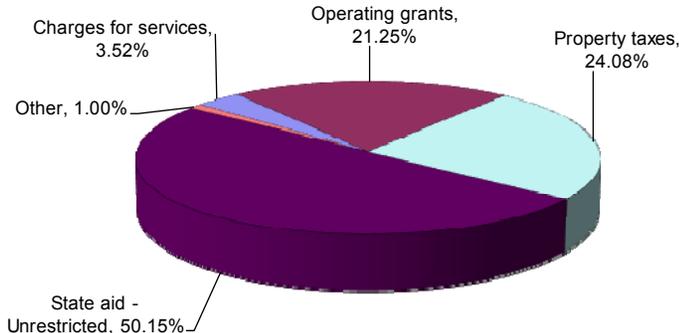
As reported in the statement of activities, the cost of all of our governmental activities this year was \$138.9 million. Certain activities were partly funded from those who benefited from the programs, \$4.6 million, or by other governments and organizations that subsidized certain programs with grants and contributions, \$27.8 million. We paid for the remaining "public benefit" portion of our governmental activities with \$31.5 million in taxes, \$65.6 million in unrestricted state aid, and \$1.3 million of our other revenue comprised of interest and general entitlements.

The School District experienced a decrease in net position of \$8.1 million. Key reasons for the change in net position are comprised of a \$2.4 million increase in the District's net pension liability and loss on sale of capital assets of \$1.8 million. A reconciliation of the changes in net position appears in the basic financial statements.

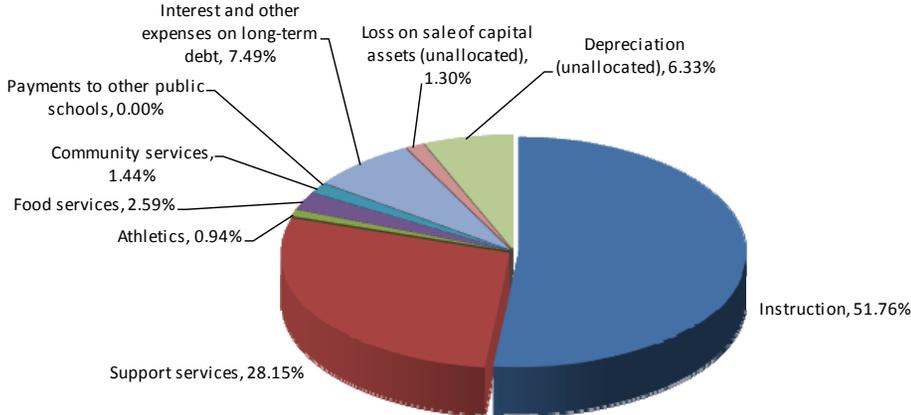
As discussed above, the net cost shows the financial burden that was placed on the State and the School District's taxpayers by each of these functions. Since property taxes for operations and unrestricted state aid constitute the vast majority of district operating revenue sources, the Board of Education and administration must annually evaluate the needs of the School District and balance those needs with state-prescribed available unrestricted resources.

L'Anse Creuse Public Schools Management's Discussion and Analysis (Continued)

Analysis of Revenue – Governmental Activities Year Ended June 30, 2018



Analysis of Expenses - Governmental Activities Year Ended June 30, 2018



L'Anse Creuse Public Schools

Management's Discussion and Analysis (Continued)

The School District's Funds

As we noted earlier, the School District uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the School District is being accountable for the resources taxpayers and others provide to it and may provide more insight into the School District's overall financial health.

As the School District completed this year, the governmental funds reported a combined fund balance of \$11.1 million, which is a decrease from last year of \$5.5 million. The primary reasons for changes within major funds are as follows:

- In the General Fund, our principal operating fund, the fund balance decreased approximately \$1,439,000 to \$4.7 million.
- The 2008 Capital Projects Fund balance decrease by \$1.1 million as the District continues spending down the total bond issuance. The remaining balance stands at about \$.64 million.
- Other nonmajor capital project funds showed a fund balance decrease of approximately \$3.0 million as the School District continued construction projects related primarily to the 2010 bond issues.
- The proprietary funds account for certain services provided to other funds on a cost reimbursement basis. The activity in these funds reflects expenditures or transfers from the other funds totaling approximately \$1.6 million, which represents the cost of obligations from previous years, as well as current year activities.

General Fund Budgetary Highlights

Over the course of the year, the School District reviews its budget as it attempts to deal with unexpected changes in revenue and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided as required supplementary information of these financial statements. A summary of the significant deviation from budget to actual is as follows:

- The variance between the budgeted and actual revenue was unfavorable by approximately \$0.8 million. The unfavorable variance is due to lower than expected local revenues and unearned revenue for the 2017-2018 school year. Expenditures were favorable to budget by approximately \$0.3 million.
- Overall, the General Fund resulted in an unfavorable variance of approximately \$.5 million, representing 0.5% of actual revenues.

L'Anse Creuse Public Schools

Management's Discussion and Analysis (Continued)

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2018, the School District had \$238 million invested in a broad range of net capital assets, including buildings improvements, vehicles, furniture, and equipment. This amount represents a net decrease (including additions, disposals and depreciation) of approximately \$6.3 million, or 2.5% under last year.

	2018	2017
Land	\$ 9,775,916	\$ 10,925,916
Construction in progress	2,824,320	1,352,088
Buildings and building improvements	341,532,995	340,963,379
Buses and other vehicles	7,193,599	7,243,396
Furniture and equipment	48,000,594	47,404,455
Total capital assets	409,327,424	407,889,234
Less accumulated depreciation	171,630,891	163,921,824
Net capital assets	\$ 237,696,533	\$ 243,967,410

L'Anse Creuse Public Schools Management's Discussion and Analysis (Continued)

This year's reduction of net capital assets includes depreciation of approximately \$8.8 million. New purchases for building improvements, furniture and equipment, technology, as well as buses comprise the balance of approximately \$5.7 million. Existing debt originally issued in 2006 funded all additions.

We present more detailed information about our capital assets in Note 5 to the financial statements.

Debt

At the end of this year, the School District had approximately \$272.6 million in bonds outstanding versus \$284.1 million in the previous year – a decrease of 4 percent.

	2018	2017
General obligation bonds	\$ 272,620,000	\$ 284,125,000

The School District's general obligation bonds have ratings of A and AA. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues "qualified debt," i.e., debt backed by the State of Michigan, such obligations are not subject to this debt limit. All of the School District's bonded indebtedness is qualified, not subject to the statutorily imposed bonded debt limit of \$349.9 million.

Other obligations include School Loan Revolving Fund obligations, accrued vacation and sick leave pay, and bond premiums and discounts, totaling \$30.6 million. We present more detailed information about our long-term liabilities in Note 7 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the School District's 2018-2019 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2018-2019 fiscal year is anticipated to be 10 percent and 90 percent of the February 2018 and October 2018 student counts, respectively. Any change in the blended student count calculation could result in revenue loss for the School District. The 2018-2019 budget was adopted in June 2018, based on an estimate of students that will be enrolled in October 2018. Approximately 80 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. The State finalized a school aid bill with a foundation allowance increase from the previous year per pupil of \$218 to \$8,056 for L'Anse Creuse Public Schools. The budget will be adjusted accordingly in the fall based on the October 2018 audited pupil count.

Since the School District's revenue is heavily dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenue to fund its appropriation to school districts.

L'Anse Creuse Public Schools

Management's Discussion and Analysis (Continued)

The School District currently has four unions as part of its workforce. TPAOM represents three support services areas. The 52 week employees, which include custodians and maintenance workers has a contract expiration date of August 2019. The food service and the transportation employees' contract also expires in August 2019. The teachers' contract, MEA Local 1 will expire August 31, 2019. The Clerical contract, MEA-NEA Local 1 will expire June 30, 2019. The Parapro contract, AFSCME Local 1993 will expire June 30, 2019. The Administrators association agreement expires July 31, 2019.

Adoption of New Accounting Standards

The District adopted GASB Statement No. 75 during the current year, which requires the District to record our proportionate share of the net OPEB liability from the state retirement plan. Further information is presented in Notes 11 and 14 to the financial statements.

Contacting the School District's Financial Management

This financial report is designed to provide the School District's citizens, parents, and investors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the business office at the Harry L. Wheeler Community Center, 24076 F.V. Pankow Boulevard, Clinton Township, Michigan 48036-130

BASIC FINANCIAL STATEMENTS

L'Anse Creuse Public Schools
Statement of Net Position
June 30, 2018

	<u>Governmental Activities</u>
Assets	
Cash	\$ 5,609,429
Accounts receivable	1,862,177
Due from other governmental units	15,044,021
Inventory	62,687
Investments	769
Prepaid items	458,886
Restricted assets	4,938,515
Capital assets not being depreciated	12,600,236
Capital assets - net of accumulated depreciation	<u>225,096,297</u>
 Total assets	 <u>265,673,017</u>
 Deferred Outflows of Resources	
Accumulated decrease in fair value of hedging activities	6,703,812
Deferred amount relating to the net pension liability	41,627,028
Deferred amount relating to the net OPEB liability	3,398,906
Deferred amount on debt refunding	<u>1,777,173</u>
 Total deferred outflows of resources	 <u>53,506,919</u>
 Total assets and deferred outflows of resources	 <u>319,179,936</u>

See Accompanying Notes to the Financial Statements

L'Anse Creuse Public Schools
Statement of Net Position
June 30, 2018

	Governmental Activities
Liabilities	
Accounts payable	915,328
Other accrued payroll-related liabilities	4,756,031
Accrued expenditures	1,941,273
Accrued salaries payable	8,057,492
Unearned revenue	372,287
Long-term liabilities	
Due within one year	12,420,870
Due in more than one year	290,865,826
Net pension liability	189,276,265
Net OPEB liability	<u>64,695,245</u>
Total liabilities	<u>573,300,617</u>
Deferred Inflows of Resources	
Deferred amount on the net pension liability	23,045,959
Deferred amount relating to the net OPEB liability	<u>2,202,286</u>
Total deferred inflows of resources	<u>25,248,245</u>
Total liabilities and deferred inflows of resources	<u>598,548,862</u>
Net Position	
Net investment in capital assets	(52,691,962)
Restricted for:	
Capital projects	2,784,106
Unrestricted (deficit)	<u>(229,461,070)</u>
Total net position	<u>\$ (279,368,926)</u>

See Accompanying Notes to the Financial Statements

L'Anse Creuse Public Schools
Statement of Activities
For the Year Ended June 30, 2018

	Program Revenues				Net (Expense)
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Revenue and Changes in Net Position
Functions/Programs					
Governmental activities					
Instruction	\$ 71,865,210	\$ 142,750	\$ 22,920,802	\$ -	\$ (48,801,658)
Supporting services	39,100,578	-	2,353,112	-	(36,747,466)
Athletics	1,336,811	298,405	-	-	(1,038,406)
Food services	3,576,016	1,400,382	2,420,147	5,063	249,576
Community services	2,022,427	2,729,498	85,833	-	792,904
Depreciation expense (unallocated) *	8,786,497	-	-	-	(8,786,497)
Loss on sale of capital assets (unallocated)	1,827,440	-	-	-	(1,827,440)
Interest and fiscal charges on long-term debt	10,415,358	-	-	-	(10,415,358)
Total governmental activities	<u>\$ 138,930,337</u>	<u>\$ 4,571,035</u>	<u>\$ 27,779,894</u>	<u>\$ 5,063</u>	<u>(106,574,345)</u>
General revenues					
Property taxes, levied for general purposes					14,103,908
Property taxes, levied for debt service					17,466,112
Federal sources- unrestricted					40,271
State aid - unrestricted					65,573,565
Interest and investment earnings					111,114
Other					1,211,053
Total general revenues					<u>98,506,023</u>
Change in net position					(8,068,322)
Net position - beginning, as restated					<u>(271,300,604)</u>
Net position - ending					<u>\$ (279,368,926)</u>

* All depreciation expense of the District is reported above as unallocated. Therefore, there was no direct depreciation charged to the various programs.

L'Anse Creuse Public Schools
Governmental Funds
Balance Sheet
June 30, 2018

	General Fund	2008 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash	\$ 3,942,898	\$ -	\$ 1,666,531	\$ 5,609,429
Accounts receivable	1,740,913	-	121,264	1,862,177
Due from other funds	3,458,105	-	3,136,770	6,594,875
Due from other governmental units	15,044,021	-	-	15,044,021
Inventory	27,199	-	35,488	62,687
Investments	769	-	-	769
Prepaid items	448,261	-	10,625	458,886
Restricted assets	-	3,436,467	1,502,048	4,938,515
	<u>-</u>	<u>3,436,467</u>	<u>1,502,048</u>	<u>4,938,515</u>
Total assets	<u>\$ 24,662,166</u>	<u>\$ 3,436,467</u>	<u>\$ 6,472,726</u>	<u>\$ 34,571,359</u>
Liabilities				
Accounts payable	\$ 883,511	\$ 434	\$ 31,383	\$ 915,328
Due to other funds	5,850,038	2,782,126	679,369	9,311,533
Other accrued payroll-related liabilities	4,756,031	-	-	4,756,031
Accrued expenditures	23,773	-	-	23,773
Accrued salaries payable	8,057,492	-	-	8,057,492
Unearned revenue	347,247	11,438	13,602	372,287
	<u>19,918,092</u>	<u>2,793,998</u>	<u>724,354</u>	<u>23,436,444</u>
Total liabilities	<u>19,918,092</u>	<u>2,793,998</u>	<u>724,354</u>	<u>23,436,444</u>

See Accompanying Notes to the Financial Statements

L'Anse Creuse Public Schools
Governmental Funds
Balance Sheet
June 30, 2018

	<u>General Fund</u>	<u>2008 Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balance				
Non-spendable				
Inventory	\$ 27,199	\$ -	\$ 35,488	\$ 62,687
Prepaid items	448,261	-	10,625	458,886
Restricted for				
Food service	-	-	384,940	384,940
Debt service	-	-	1,755,513	1,755,513
Capital projects	-	642,469	3,561,806	4,204,275
Assigned for employee severance liability	247,350	-	-	247,350
Unassigned	<u>4,021,264</u>	<u>-</u>	<u>-</u>	<u>4,021,264</u>
 Total fund balance	 <u>4,744,074</u>	 <u>642,469</u>	 <u>5,748,372</u>	 <u>11,134,915</u>
 Total liabilities and fund balance	 <u>\$ 24,662,166</u>	 <u>\$ 3,436,467</u>	 <u>\$ 6,472,726</u>	 <u>\$ 34,571,359</u>

See Accompanying Notes to the Financial Statements

L'Anse Creuse Public Schools
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2018

Total fund balances for governmental funds	\$ 11,134,915
Total net position for governmental activities in the statement of net position is different because	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	
Capital assets not being depreciated	12,600,236
Capital assets - net of accumulated depreciation	225,096,297
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from debt refunding	1,777,173
Changes in the fair value of interest rate swap agreements that are classified as hedging instruments are recorded as deferred outflows of resources	6,703,812
Deferred inflows of resources resulting from the net pension liability	(23,045,959)
Deferred outflows of resources resulting from the net pension liability	41,627,028
Deferred inflows of resources resulting from the net OPEB liability	(2,202,286)
Deferred outflows of resources resulting from the net OPEB liability	3,398,906
Certain liabilities are not due and payable in the current period and are not reported in the funds	
Accrued interest	(1,917,500)
Special termination benefits	(247,350)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities	
Net pension liability	(189,276,265)
Net OPEB liability	(64,695,245)
Bonds payable	(288,198,849)
Interest rate swap	(6,703,812)
School bond loan payable (including accrued interest)	<u>(5,420,027)</u>
Net position of governmental activities	<u>\$ (279,368,926)</u>

See Accompanying Notes to the Financial Statements

L'Anse Creuse Public Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2018

	General Fund	2008 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Local sources	\$ 18,283,495	\$ 38,062	\$ 18,435,012	\$ 36,756,569
State sources	84,384,352	-	832,367	85,216,719
Federal sources	4,442,226	-	2,217,480	6,659,706
Interdistrict sources	2,172,279	-	-	2,172,279
Total revenues	<u>109,282,352</u>	<u>38,062</u>	<u>21,484,859</u>	<u>130,805,273</u>
Expenditures				
Current				
Education				
Instruction	69,867,880	-	-	69,867,880
Supporting services	37,792,921	-	167,296	37,960,217
Athletics	1,297,824	-	-	1,297,824
Food services	-	-	3,471,722	3,471,722
Community services	1,963,444	-	-	1,963,444
Facilities acquisition	-	1,143,181	3,041,721	4,184,902
Capital outlay	259,773	-	-	259,773
Debt service				
Principal	-	-	11,505,000	11,505,000
Interest and other expenditures	-	-	11,368,074	11,368,074
Total expenditures	<u>111,181,842</u>	<u>1,143,181</u>	<u>29,553,813</u>	<u>141,878,836</u>
Deficiency of revenues over expenditures	<u>(1,899,490)</u>	<u>(1,105,119)</u>	<u>(8,068,954)</u>	<u>(11,073,563)</u>

See Accompanying Notes to the Financial Statements

L'Anse Creuse Public Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2018

	<u>General Fund</u>	<u>2008 Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Other Financing Sources (Uses)				
Proceeds from school bond loan fund	\$ -	\$ -	\$ 5,337,496	\$ 5,337,496
Proceeds from sale of capital assets	259,923	-	-	259,923
Transfers in	200,122	-	-	200,122
Transfers out	<u>-</u>	<u>-</u>	<u>(200,122)</u>	<u>(200,122)</u>
Total other financing sources (uses)	<u>460,045</u>	<u>-</u>	<u>5,137,374</u>	<u>5,597,419</u>
Net change in fund balance	(1,439,445)	(1,105,119)	(2,931,580)	(5,476,144)
Fund balance - beginning	<u>6,183,519</u>	<u>1,747,588</u>	<u>8,679,952</u>	<u>16,611,059</u>
Fund balance - ending	<u>\$ 4,744,074</u>	<u>\$ 642,469</u>	<u>\$ 5,748,372</u>	<u>\$ 11,134,915</u>

See Accompanying Notes to the Financial Statements

L'Anse Creuse Public Schools
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2018

Net change in fund balances - Total governmental funds \$ (5,476,144)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense	(8,786,497)
Capital outlay	4,546,241
Sale of capital assets (net book value)	(2,030,621)

Expenses are recorded when incurred in the statement of activities.

Interest	(9,395)
Special termination benefits	23,900

The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.

Net change in net pension liability	(2,389,362)
Net change in the deferral of resources related to the net pension liability	166,836

The statement of net position reports the net OPEB liability and deferred outflows of resources and deferred inflows related to the net OPEB liability and OPEB expense. However, the amount recorded on the governmental funds equals actual OPEB contributions.

Net change in net OPEB liability	648,306
Net change in the deferral of resources related to the net OPEB liability	(1,891,201)

Bond and note proceeds and capital leases are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are recorded as liabilities and amortized in the statement of activities. When debt refunding occurs, the difference in the carrying value of the refunding debt and the amount applied to the new debt is reported the same as regular debt proceeds or repayments, as a financing source or expenditure in the governmental funds. However, in the statement of net position, debt refunding may result in deferred inflows of resources or deferred outflows of resources, which are then amortized in the statement of activities.

Debt issued	(5,337,496)
Repayments of long-term debt	11,505,000
Interest accrual on school bond loan fund	(32,821)
Amortization of deferred amount on debt refunding	(93,978)
Amortization of premiums	1,088,910

Change in net position of governmental activities \$ (8,068,322)

L'Anse Creuse Public Schools
Proprietary Fund - Internal Service Fund
Statement of Net Position
June 30, 2018

	<u>Internal Service Fund</u>
Assets	
Current - Due from other funds	<u>\$ 2,716,658</u>
Liabilities	
Current - compensated absences	250,870
Long-term - compensated absences	<u>2,465,788</u>
Total liabilities	<u>2,716,658</u>
Net Position	
Net position - unrestricted	<u>\$ -</u>

See Accompanying Notes to the Financial Statements

L'Anse Creuse Public Schools
Proprietary Fund - Internal Service Fund
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2018

	<u>Internal Service Fund</u>
Operating Revenue	
Charges for services	\$ 1,602,442
Operating Expenses	
Compensated absences	<u>1,602,442</u>
Operating income	-
Net position - beginning	<u>-</u>
Net position - ending	<u><u>\$ -</u></u>

See Accompanying Notes to the Financial Statements

L'Anse Creuse Public Schools
Proprietary Fund - Internal Service Fund
Statement of Cash Flows
For the Year Ended June 30, 2018

	<u>Internal Service Fund</u>
Cash Flows from Operating Activities	
Charges to other funds	\$ 1,602,442
Payments to employees	<u>(1,602,442)</u>
Net cash provided by operating activities	<u>-</u>
Net Change in Cash and Cash Equivalents	<u>-</u>
Cash and Cash Equivalents - beginning	<u>-</u>
Cash and Cash Equivalents - ending	<u><u>\$ -</u></u>
Reconciliation of Operating Income to Net Cash from Operating Activities	
Operating income	\$ -
Adjustments to reconcile change in net position to net cash from operating activities - Changes in assets and liabilities:	
Due from others	(1,483)
Accrued compensated absences	<u>1,483</u>
Net cash provided by operating activities	<u><u>\$ -</u></u>

See Accompanying Notes to the Financial Statements

**L'Anse Creuse Public Schools
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2018**

	<u>Scholarship Trust Fund</u>	<u>Student Activities Agency Funds</u>
Assets		
Cash	\$ 31,726	\$ 1,291,285
Accounts receivable	<u> -</u>	<u> 455</u>
Total assets	<u>31,726</u>	<u>\$ 1,291,740</u>
Liabilities		
Accounts payable	-	\$ 7,908
Due to students and groups	<u> -</u>	<u>1,283,832</u>
Total liabilities	<u> -</u>	<u>\$ 1,291,740</u>
Net Position		
Assets held for scholarships	<u>\$ 31,726</u>	

See Accompanying Notes to the Financial Statements

L'Anse Creuse Public Schools
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2018

	<u>Scholarship Trust Fund</u>
Additions	
Local sources	\$ 1,000
Deductions	
Scholarships and expenses	<u>3,450</u>
Change in net position	(2,450)
Net position - beginning	<u>34,176</u>
Net position - ending	<u>\$ 31,726</u>

See Accompanying Notes to the Financial Statements

L'Anse Creuse Public Schools
Notes to the Financial Statements
June 30, 2018

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate component units of the School District. The School District is not included in any other governmental "reporting entity" since the board members are elected by the public and have decision-making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations, and primary financial accountability for fiscal matters. Based on the application of the criteria, the School District does not contain any component units.

District-wide 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 revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the School District's district-wide activities are considered governmental activities. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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 revenue are reported instead as general revenue.

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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.

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

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.

Fund Financial Statements

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

L'Anse Creuse Public Schools
Notes to the Financial Statements
June 30, 2018

revenue to be available if it is collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, unrestricted state aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the School District.

Proprietary and Fiduciary fund statements are reported using the economic resources measurement focus and the accrual basis of accounting. Proprietary funds distinguish between operating revenues and expenses from nonoperating items. Operating revenues and expenses for the proprietary fund generally are charges to other funds and payments for employee compensated absence liabilities, respectively. All revenues and expenses not meeting the above definition are reported as nonoperating revenues and expenses.

The School District reports the following major governmental funds:

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

2008 Capital Projects Fund - The 2008 Capital Projects Fund is used to record bond proceeds and other revenue and the disbursement of invoices specifically designated for the purpose of these bond projects.

Additionally, the School District reports the following fund types:

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes. The School District's special revenue funds consist of a Food and Nutrition Fund (which accounts for the food service program activities), and the International Fund (which accounts for tuition and expenditures related to housing international students) that are used to segregate, for administrative purposes, the transactions of those activities from the General Fund revenue and expenditures.

Debt Service Funds – The debt service funds are used to record tax, interest, other revenue for payment of interest and principal, and other expenditures on the bond issues.

Capital Projects Funds – The General Capital Projects Fund is used to record transfers from the General Fund specifically designated for the purpose of erecting, furnishing, and equipping additions and remodeling, refurbishing, and re-equipping School District buildings; acquiring and installing educational technology improvements; acquiring school buses; and developing and improving sites, playgrounds, and outdoor physical education and athletic fields and facilities. The 2016 Capital Projects Fund is used to account for proceeds from the sale of capital assets that were acquired with funds restricted for those purposes, in addition to the related expenditures of these funds. The 2010 Series A Capital Projects Fund is used to record bond proceeds and other revenue and the disbursement of invoices specifically designated for the purpose of financing the third phase of erecting, furnishing, and equipping a new administration building; an addition to an existing elementary school for a child care center; acquiring and installing educational technology improvements; acquiring school buses; acquiring additional land and developing and improving playgrounds, play fields, athletic fields, facilities, and sites; and paying the costs of issuing the bonds.

L'Anse Creuse Public Schools
Notes to the Financial Statements
June 30, 2018

Internal Service Fund – The purpose of the internal service fund is to account for certain services provided to other funds on a cost-reimbursement basis. The Compensated Absences Fund accounts for compensated absence liabilities due to employees upon separation from the School District based on negotiated terms in the collective bargaining agreements.

Fiduciary Funds – The fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent on behalf of others. The School District has two fiduciary funds, which include the Scholarship Fund, a private purpose trust, and the Student Activities Fund, an Agency Fund. The private purpose trust includes contributions received by the School District to be awarded in the form of scholarships. The Agency Fund is used to account for transactions of student groups for school and related purposes. The funds are segregated and held in trust for the students.

Assets, Liabilities and Net Position or Equity

Cash and Investments – Cash and investments includes 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." All outstanding balances are expected to be paid within one year.

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The School District considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded. Property taxes are assessed as of December 31 and are billed and become a lien on July 1 of the following year. Taxes are considered delinquent on March 1 of the following year. At this time, penalties and interest are assessed and the total obligation is added to the county tax rolls.

Inventories and Prepaid Items – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid assets in both district-wide and fund financial statements and accounted for using the purchases method.

Restricted Assets – Restricted assets exist when their use is constrained for a particular purpose. This includes the unspent bond proceeds of the bonded capital projects funds and amounts legally segregated for payments of debt.

Capital Assets – Capital assets, which include land, buildings, equipment, vehicles, and construction in progress, are reported in the district-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$20,000 for land improvements and buildings and \$2,500 for all remaining asset classifications. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their acquisition value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized.

L'Anse Creuse Public Schools
Notes to the Financial Statements
June 30, 2018

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	20-50 years
Equipment and furniture	5-20 years
Buses and other vehicles	5-15 years

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

Compensated Absences – The liability for compensated absences reported in the Compensated Absences Internal Service Fund consists of earned but unused accumulated vacation and sick leave benefits as well as termination payments. Compensated absences are earned and accumulated based on the provisions of the respective collective bargaining agreements. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments at normal retirement age and other employees who are expected to become eligible in

the future to receive such payments upon normal retirement are included.

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period.

The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

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

L'Anse Creuse Public Schools
Notes to the Financial Statements
June 30, 2018

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

Deferred Inflows of Resources – A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For district-wide financial statements, the School District reports deferred inflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions and experience differences relating to the net pension and OPEB liabilities are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. Deferred inflows of resources also includes revenue received relating to the amounts included in the deferred outflows for payments related to MPERS Unfunded Actuarial Accrued Liabilities (UAAL) Stabilization defined benefit pension statutorily required contributions.

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

Non-spendable – amounts that are not in spendable form or are legally or contractually required to be maintained intact.

Restricted – amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose.

Committed – amounts that have been formally set aside by the Board of Education for use for specific purposes. Commitments are made and can be rescinded only via resolution of the Board of Education.

Assigned – intent to spend resources on specific purposes expressed by the Board of Education or superintendent, or the superintendent's designee, who is authorized by policy approved by the Board of Education to make assignments

Unassigned – amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

When an expense is incurred for purposes for which both restricted and unrestricted net position or fund balance are available, the School District's policy is to first apply restricted resources. When an expense is incurred for purposes which amounts in any of the unrestricted fund balance classifications could be used, it is the School District's policy to spend funds in this order: committed, assigned, and unassigned.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent

L'Anse Creuse Public Schools
Notes to the Financial Statements
June 30, 2018

assets and liabilities, as well as deferred inflows and deferred outflows of resources at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Eliminations and Reclassifications

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

Adoption of New Accounting Standards

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined OPEB plans, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee services. It also requires additional note disclosures and required supplementary information. Statement No. 75 is effective for the fiscal year ending June 30, 2018.

Statement No. 85, *Omnibus 2017* addresses practice issues that were identified during implementation and application of certain GASB Statements. This statement covers issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits), which is effective for the fiscal year ending June 30, 2018.

Statement No. 86, *Certain Debt Extinguishment Issues* is to improve consistency in accounting and financial reporting for in-substance defeasance of debt. The statement provides uniform guidance for

derecognizing debt that is defeased in substance, regardless of how cash and other monetary assets placed in an irremovable trust for the purpose of extinguishing that debt were acquired. Statement No. 86 is effective for the fiscal year ending June 30, 2018.

Upcoming Accounting and Reporting Changes

Statement No. 83, *Certain Asset Retirement Obligations* establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The requirements of this Statement are effective for the fiscal year ending June 30, 2019.

Statement No. 84, *Fiduciary Activities* improves the guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The focus of the criteria includes the following: (1) is the government controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The four fiduciary funds that should be reported, if applicable are: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally will report fiduciary activities that are not held in a trust or similar arrangement that meets specific criteria. The requirements of this Statement are effective for the fiscal year ending June 30, 2020.

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

L'Anse Creuse Public Schools
Notes to the Financial Statements
June 30, 2018

relevance and consistency of information about the District's leasing activities. The requirements of this Statement are effective for the fiscal year ending June 30, 2021.

Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* improves the information that is disclosed in notes to the District's financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities districts should include when disclosing information related to debt. It requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. It will also require that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for the fiscal year ending June 30, 2019.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. It requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reporting in a business-type activity or enterprise fund. Interest cost incurred before the end of a construction period should be recognized as an expenditure for financial statements prepared using the current financial resources measurement. The requirements of this Statement are effective for the fiscal year ending June 30, 2021.

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

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund and all 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. The statement of revenue, expenditures, and changes in fund balance presents capital outlay separately, as required by generally accepted accounting principles. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as assignments of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be re-appropriated and honored during the subsequent year.

The special revenue funds budgetary comparison schedules presented in other supplemental information and the budgetary comparison schedule for the General Fund presented in required supplemental information are presented in conformity with accounting principles generally accepted in the United States of America and are presented in more detail than the formally adopted budget.

L'Anse Creuse Public Schools
Notes to the Financial Statements
June 30, 2018

Excess of Expenditures over Appropriations

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

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
Basic programs	\$ 54,272,663	\$ 54,602,569	\$ 329,906
Operations and maintenance	9,300,538	9,556,960	256,422
Pupil transportation services	4,240,024	4,347,920	107,896
Community services	1,929,939	1,963,444	33,505
Capital outlay	259,301	259,773	472

Note 3 - Deposits and Investments

State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The School District is allowed to invest in U.S. Treasury or agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits are in accordance with statutory authority. The School District has designated several banks for the deposit of its funds.

The investment policy adopted by the board has authorized investments as listed in the state statutory authority as listed above.

The School District's cash and investments are subject to several types of risk, which are examined in more detail below:

Interest rate risk – Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's investment policy does not restrict investment

maturities, other than commercial paper which can only be purchased with a 270-day maturity. The School District's policy minimizes interest rate risk by requiring structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the School District's cash requirements.

Credit risk – State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District's investment policy limits investments in commercial papers to a rating of A or above by two nationally recognized statistical rating organizations.

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

	Governmental Activities	Fiduciary Funds	Total Primary Government
Cash	\$ 5,609,429	\$ 1,323,011	\$ 6,932,440
Restricted assets	4,938,515	-	4,938,515
Investments	769	-	769
	<u>\$ 10,548,713</u>	<u>\$ 1,323,011</u>	<u>\$ 11,871,724</u>

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

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 8,557,446
Investments in securities, mutual funds, and similar vehicles	3,274,172
Petty cash and cash on hand	40,106
 Total	 \$ 11,871,724

At year end, the School District had the following investments:

Investment	Fair Value	Maturities	Rating	Organization
Michigan Liquid Asset Fund	\$ 3,274,172	< 60 days	AAAm	S&P

Concentration of credit risk – The School District places no limit on the amount the School District may invest in any one issuer. The School District's policy minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Foreign currency risk – Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. State law and the School District's policy prohibit investment in foreign currency.

Custodial credit risk – deposits – For deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level be used for the School District's deposits for custodial credit risk. At year end, the School District's deposit balance of \$ 9,087,825

had \$ 8,172,761 in bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The School District believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the School District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial credit risk – investments – For an investment, this is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's policy for custodial credit risk states custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law, and by pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the School District will do business using the criteria established in the investment policy. The School District does not have investments with custodial credit risk.

Note 4 - Fair Value Measurements

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

The School District has the following recurring fair value measurements as of June 30, 2018:

- Amounts invested in MILAF + Portfolio of \$ 3,274,172. The MILAF + Portfolio is not registered under Rule 2a-7 under the Investment Company Act of 1940. The money market securities are valued using

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amortized cost, which generally approximates the current fair value of the security. However, the value is not obtained from a quoted price in an active market. (Level 2 inputs)

• The fair values of the interest rate swaps (see Note 9) were estimated using the zero coupon method. This method calculates the future net settlement payments required by the swaps, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero coupon bonds due on the date of each future net settlement on the swaps. (Level 2 inputs)

Note 5 - Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 10,925,916	\$ -	\$ 1,150,000	\$ 9,775,916
Construction-in-progress	1,352,088	2,413,315	941,083	2,824,320
Total capital assets not being depreciated	<u>12,278,004</u>	<u>2,413,315</u>	<u>2,091,083</u>	<u>12,600,236</u>
Capital assets being depreciated				
Buildings and building improvements	340,963,379	3,010,971	2,441,355	341,532,995
Equipment and furniture	47,404,455	596,139	-	48,000,594
Buses and other vehicles	7,243,396	616,899	666,696	7,193,599
Total capital assets being depreciated	<u>395,611,230</u>	<u>4,224,009</u>	<u>3,108,051</u>	<u>396,727,188</u>
Less accumulated depreciation for				
Buildings and building improvements	118,819,675	6,760,059	337,643	125,242,091
Equipment and furniture	40,557,378	1,563,496	-	42,120,874
Buses and other vehicles	4,544,771	462,942	739,787	4,267,926
Total accumulated depreciation	<u>163,921,824</u>	<u>8,786,497</u>	<u>1,077,430</u>	<u>171,630,891</u>
Net capital assets being depreciated	<u>231,689,406</u>	<u>(4,562,488)</u>	<u>2,030,621</u>	<u>225,096,297</u>
Net capital assets	<u>\$ 243,967,410</u>	<u>\$ (2,149,173)</u>	<u>\$ 4,121,704</u>	<u>\$ 237,696,533</u>

Depreciation expense was not charged to activities as the School District considers its assets to impact multiple activities and allocation is not practical. Unallocated depreciation expense, as reported on the statement of activities, does not include direct depreciation expenses of the various programs. Disposals relate to normal disposal of assets which are no longer held by the School District.

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Construction Commitments

At year end, the School District has the following construction contracts in progress:

	Total Contract	Remaining	Contract
		Construction Commitment at Year End	Payable at Year End
Vendors			
Contract Mechanical	\$ 975,115	\$ 21,720	\$ -
Miller	1,252,000	109,800	31,344
Oakland Plumbing	193,113	21,291	-
Total	\$ 2,420,228	\$ 152,811	\$ 31,344

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due To	Fund Due From			Total
	General Fund	2008 Capital Projects Fund	Nonmajor Governmental Funds	
General Fund	\$ -	\$ 2,782,126	\$ 675,979	\$ 3,458,105
Nonmajor Governmental Funds	3,133,380	-	3,390	3,136,770
Internal Service Fund	2,716,658	-	-	2,716,658
Total	\$ 5,850,038	\$ 2,782,126	\$ 679,369	\$ 9,311,533

The Food and Nutrition Fund transferred funds totaling \$ 198,430 to the General Fund for current year indirect costs. Additionally, a transfer of \$ 1,692 was made from the International Fund to the General Fund in order to close the fund's activities.

Note 7 - Receivables and Unavailable and Unearned Revenue

Receivables as of year end for the School District's individual major funds and the nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Receivables:			
Accounts receivable	\$ 1,740,913	\$ 121,264	\$ 1,862,177
Intergovernmental	15,044,021	-	15,044,021
Total receivables	\$ 16,784,934	\$ 121,264	\$ 16,906,198

The intergovernmental receivable is from the State of Michigan for the July and August state aid payments. Accounts receivable includes amounts due from the federal government for grants receivable of approximately \$ 1,065,000.

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

	Governmental Funds Unearned
Grant and categorical aid payments received prior to meeting all eligibility requirements	\$ 198,116
Prepaid student lunch fees	13,602
Summer tuition and fall school charges and other payments received prior to services being rendered	160,569
Total	\$ 372,287

Note 8 - Long-Term Debt

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Notes are also general obligations of the School District. Other long-term obligations include compensated absences and an employee severance liability.

Long-term debt activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Bonds	\$ 284,125,000	\$ -	\$ 11,505,000	\$ 272,620,000	\$ 12,145,000
Issuance premiums	16,667,759	-	1,088,910	15,578,849	-
Interest rate swap	9,434,493	-	2,730,681	6,703,812	-
School Loan Revolving Fund	49,492	5,337,496	-	5,386,988	-
School Loan Revolving Fund - Accrued interest	218	32,821	-	33,039	-
Employee severance liability	271,250	-	23,900	247,350	25,000
Employee compensated absences	2,715,175	322,979	321,496	2,716,658	250,870
Total	\$ 313,263,387	\$ 5,693,296	\$ 15,669,987	\$ 303,286,696	\$ 12,420,870

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

	Principal	Interest	Total
Year Ending June 30			
2019	\$ 12,145,000	\$ 10,902,286	\$ 23,047,286
2020	41,030,000	10,311,132	51,341,132
2021	42,250,000	9,070,126	51,320,126
2022	43,570,000	7,749,939	51,319,939
2023	10,960,000	6,320,311	17,280,311
2024-2028	40,080,000	25,099,433	65,179,433
2029-2033	47,375,000	14,553,798	61,928,798
2034-2038	29,540,000	3,747,028	33,287,028
2039-2040	5,670,000	318,938	5,988,938
Total	\$ 272,620,000	\$ 88,072,991	\$ 360,692,991

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Governmental Activities

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

\$4,795,000 original issue serial bonds due in annual installments of \$1,000,000 through May 1, 2022, interest at 3.0% to 4.0%	\$ 4,000,000
\$91,600,000 original issue serial bonds due in annual installments beginning May 1, 2019 of \$28.4 million to \$32 million through May 1, 2022, interest at 2.159% to 2.678%	91,600,000
\$28,960,000 original issue serial bonds due in annual installments of \$3,085,000 to \$3,775,000 through May 1, 2023, interest at 4.0% to 5.0%	17,305,000
\$70,130,000 serial bonds due in annual installments of \$2,250,000 to \$4,250,000 through May 1, 2035, interest at variable rate fixed with swap agreement at 3.639% (see Note 8); the bonds have an optional tender feature that allows the bond holder to request tender on demand. The School District has entered into an agreement with a remarketing agent to remarket any bonds tendered and a liquidity facility agreement with a financial institution to provide liquidity in the event that the remarketing agent is unable to remarket the bonds. In the event that the bonds are tendered and the financial institution does not perform under the liquidity facility agreement, or the liquidity facility agreement expires, the variable interest rate would increase to 12% until the remarketing agent is able to remarket the bonds.	55,250,000
\$118,685,000 original issue serial bonds due in annual installments of \$2,835,000 to \$6,340,000 through May 1, 2040, interest at 3.75% to 5.0%	104,465,000
Total general obligation bonded debt	<u>\$ 272,620,000</u>

School Loan Revolving Fund

The School Loan Revolving Fund payable represents notes payable to the State of Michigan for loans made to the School District, as authorized by the 1963 State of Michigan Constitution, for the purpose

of paying principal and interest on general obligation bonds of the School District issued for capital expenditures. Interest rates are to be annually determined by the State Administrative Board in accordance with Section 9 of Act No. 92 of the Public Acts of 2005, as amended. Interest was charged at 3.10 to 3.18 percent during the year ended June 30, 2018. Repayment is required when the revenue from the computed millage rate exceeds the amount sufficient to pay debt service on qualified bonds. The School District is required to levy at least 7.0 mills and repay to the State any excess of the amount levied over the bonded debt service requirements. Due to recent legislated changes to the School Loan Revolving Fund program, participating districts are now required to adjust their annual millage rate to amounts between 7.0 and 13.0 mills, depending on a specified formula. Additionally, the School District has been provided a mandatory repayment date of May 1, 2046, although there are no required principal and interest payments each year. Due to the variability of the factors that affect the timing of repayment, including the future amount of state-equalized value of property in the School District, no provision for repayment has been included in the above amortization schedule.

Note 9 - Derivative Instruments

During the current year, the School District had one interest rate swap agreement in connection with its \$70.13 million 2008 School Building and Site variable rate bonds.

Hedging Derivative Instrument - The swap agreement (referred to as SIFMA) was entered into in August 2005, with an effective date that coincided with the issuance date of the bonds in May 2008. The intention of the swap was to effectively hedge the changes in cash flows related to the interest payments on the variable rate bonds. At June 30, 2018, the swap's notional amount of \$55.25 million matched the \$55.25 million outstanding balance of the variable rate bonds. The notional value of the swap and the principal amount of the associated debt decline at the same rate until maturity in May 2035. Under the swap, the School District pays the counterparty a fixed payment of

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3.639 percent and receives a variable payment computed at the Securities Industry and Financial Markets Association Municipal Swap Index™ (SIFMA) rate. The bonds' variable rate coupons are determined by the remarketing agent based on the rate necessary to remarket the bonds. This rate approximates the SIFMA rate at June 30, 2018. At June 30, 2018, the SIFMA swap had a negative fair value of \$ 6,703,812, which was recorded in other long-term liabilities on the statement of net position. As the swap is a hedging instrument, the change in fair value is considered a deferred outflow of resources on the statement of net position.

Credit Risk - The swap counterparty was rated AA- by Fitch Ratings, A+ by Standard & Poor's, and Aa2 by Moody's Investors Service as of June 30, 2018. In the event that the counterparty were to default on the swap agreement, the School District would have the option to enter into another swap agreement. The School District was not exposed to credit risk related to the SIFMA swap as the fair market value of that swap was negative at June 30, 2018.

Interest Rate Risk - The School District is exposed to interest rate risk on the swap agreement, since changes in the interest rate market will affect the fair value of the swap agreement.

Basis Risk - The SIFMA swap exposes the School District to basis risk because the variable-rate payments received by the School District on the hedging derivative instrument are based on an index other than interest rates the School District pays on its hedged variable-rate debt, which is remarketed every seven days. As of June 30, 2018, the SIFMA swap index rate was 1.51 percent, whereas the weighted average interest rate on the School District's hedged variable rate debt on the bonds was 1.2683 percent.

Termination Risk - The School District or the counterparty may terminate the swap agreement if the other party fails to perform under the terms of the contract. The swap may be terminated by the counterparty if the School District's credit quality rating and the State of

Michigan's credit quality rating fall below "A" as issued by Standard & Poor's or Moody's Investors Service. If the SIFMA swap is terminated, the variable rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the School District would be liable to the counterparty for a payment equal to the swap's fair value. To mitigate the termination risk, the School District has obtained swap insurance that would cover the termination payment in the event that the School District were to default on the terms of the swap agreement.

Derivative Instrument Payments and Hedged Debt - As of June 30, 2018, aggregate debt service requirements of the School District's debt and net receipts/payments on associated hedging derivative instruments (the SIFMA swap) are presented below. These amounts assume that current interest rates on variable-rate bonds and the current reference rates of hedging derivative instruments will remain the same for their term. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the SIFMA swap will vary. The data below has also been included in the principal and interest payment schedules included in Note 8.

	Principal	Interest	Hedging Derivatives- Net	Total
Year Ending June 30				
2019	\$ 2,250,000	\$ 700,752	\$ 1,176,273	\$ 4,127,025
2020	2,375,000	672,215	1,128,370	4,175,585
2021	2,500,000	642,092	1,077,806	4,219,898
2022	2,625,000	610,384	1,024,581	4,259,965
2023	2,750,000	577,090	968,695	4,295,785
2024 - 2028	15,625,000	2,330,556	3,912,038	21,867,594
2029 - 2033	18,750,000	1,260,403	2,115,694	22,126,097
2034 - 2035	8,375,000	160,127	268,786	8,803,913
Total	\$ 55,250,000	\$ 6,953,619	\$ 11,672,243	\$ 73,875,862

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Note 10 - Risk Management

The School 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 School District has purchased commercial insurance for property loss, torts, errors and omissions, and medical benefit claims; the School District is self-insured for workers' compensation claims up to \$450,000 per occurrence. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in the past three fiscal years. There were no changes in insurance coverage by major category of risk from that of the preceding year.

The School District is insured under a retrospectively rated policy and estimates the liability for employee injury claims that have been incurred through the end of the fiscal year, including both those claims that have been reported as well as those that have not yet been reported. These estimates are recorded in the basic financial statements. The estimates and changes in estimates were not material to the financial statements.

Note 11 - Pension Plan

Plan Description

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

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

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

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

Benefits Provided

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

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

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Contributions

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2016 valuation will be amortized over a 20-year period for the 2016 fiscal year.

The schedule below summarizes pension contribution rates in effect for fiscal year 2017.

Pension Contribution Rates

Benefit Structure	Member	Employer
Basic	0.0 - 4.0%	19.03%
Member Investment Plan	3.0 - 7.0%	19.03%
Pension Plus	3.0 - 6.4%	18.40%
Defined Contribution	0.0%	15.27%

Required contributions to the pension plan from the School District were \$ 17,131,629 for the year ending September 30, 2017.

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

At June 30, 2018, the School District reported a liability of \$ 189,276,265 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2016. The School District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2017, the School District's proportion was .7304 percent, which was a decrease of .0187 percent from its proportion measured as of September 30, 2016. At September 30, 2017, the total pension expense for the School District was \$ 18,916,830.

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At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,644,940	\$ 928,739
Changes of assumptions	20,736,719	-
Net difference between projected and actual earnings on pension plan investments	-	9,048,651
Changes in proportion and differences between the School District contributions and proportionate share of contributions	1,058,882	4,167,525
School District contributions subsequent to the measurement date	<u>18,186,487</u>	<u>8,901,044</u>
Total	<u>\$ 41,627,028</u>	<u>\$ 23,045,959</u>

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

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

<u>Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future Pension Expenses)</u>	
2018	\$ 2,746,246
2019	5,756,934
2020	1,715,960
2021	<u>(923,514)</u>
Total	<u>\$ 9,295,626</u>

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2016
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 3.5%
- Investment Rate of Return:
 - MIP and Basic Plans (Non-Hybrid): 7.5%
 - Pension Plus Plan (Hybrid): 7.0%

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- Projected Salary Increases: 3.5 - 12.3%, including wage inflation at 3.5%
- Cost-of-Living Pension Adjustments: 3% Annual Non-Compounded for MIP Members
- Mortality: RP-2000 Male and Female Combined Healthy Life Mortality Tables, adjusted for mortality improvements to 2025 using projection scale BB. This assumption was first used for the September 30, 2014 valuation of the System. For retirees, 100% of the table rates were used. For active members, 80% of the table rates were used for males and 70% of the table rates were used for females.

Assumption changes as a result of an experience study for the period 2007 through 2012 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2014 valuation. The total pension liability as of September 30, 2017, is based on the results of an actuarial valuation date of September 30, 2016, and rolled forward using generally accepted actuarial procedures, including the experience study.

Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.5188.

Recognition period for assets in years is 5.0000.

Full actuarial assumptions are available in the 2017 MPSERS Comprehensive Annual Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets

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

of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2017, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	28.0 %	5.6 %
Alternative Investment Pools	18.0	8.7
International Equity	16.0	7.2
Fixed Income Pools	10.5	(0.1)
Real Estate and Infrastructure Pools	10.0	4.2
Absolute Return Pools	15.5	5.0
Short Term Investment Pools	2.0	(0.9)
	100.0%	

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

Rate of Return

For the fiscal year ended September 30, 2017, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 13.24%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 7.5% was used to measure the total pension liability (7.0% for the Pension Plus plan, a hybrid plan provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 7.5% (7.0% for the Pension Plus plan). The projection of cash flows used to

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

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

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.5% (7.0% for the Hybrid Plan), as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease (Non-Hybrid/Hybrid)* 6.5% / 6.0%	Current Single Discount Rate Assumption (Non-Hybrid/Hybrid)* 7.5% / 7.0%	1% Increase (Non-Hybrid/Hybrid)* 8.5% / 8.0%
<u>\$ 246,564,018</u>	<u>\$ 189,276,265</u>	<u>\$ 141,043,625</u>

**The Basic plan and the Member Investment Plan (MIP) are non-hybrid plans. Pension Plus is a hybrid plan, with a defined benefit (pension) component and a defined contribution (DC) component.*

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

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

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

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

Note 12 - Post-employment Benefits Other Than Pensions (OPEB)

Plan Description

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

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

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

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

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Benefits Provided

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

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

Under Public Act 300 of 2012, members were given the choice between continuing the 3% contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the

3% contribution and instead opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay healthcare expenses in retirement. Participants in the PHF are automatically enrolled in a 2% employee contribution into their 457 account as of their transition date, earning them a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.

Contributions

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

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2016 valuation will be amortized over a 20-year period for the 2017 fiscal year.

The schedule below summarizes OPEB contribution rates in effect for fiscal year 2017

OPEB Contribution Rates		
Benefit Structure	Member	Employer
Premium Subsidy	3.0%	5.91%
Personal Healthcare Fund (PHF)	0.0%	5.69%

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Required contributions to the OPEB plan from the School District were \$ 5,687,779 for the year ended September 30, 2017.

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

At June 30, 2018, the School District reported a liability of \$ 64,695,245 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2016. The School District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2017, the School District's proportion was .7306 percent, which was unchanged from its proportion measured as of September 30, 2016. At September 30, 2017, the total OPEB expense for the School District was \$ 4,323,930.

At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 688,814
Net difference between projected and actual earnings on OPEB plan investments	-	1,498,357
Changes in proportion and differences between the School District contributions and proportionate share of contributions	-	15,115
School District contributions subsequent to the measurement date	3,398,906	-
Total	\$ 3,398,906	\$ 2,202,286

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019.

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June 30, 2018

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

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future OPEB Expenses)		
2018	\$	(531,913)
2019		(531,913)
2020		(531,913)
2021		(531,913)
2022		(74,634)
Total	\$	(2,202,286)

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2016
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 3.5%
- Investment Rate of Return: 7.5%

- Projected Salary Increases: 3.5 - 12.3%, including wage inflation at 3.5%
- Healthcare Cost Trend Rate: 7.5% Year 1 graded to 3.5% Year 12
- Mortality: RP-2000 Male and Female Combined Healthy Life Mortality Tables, adjusted for mortality improvements to 2025 using projection scale BB. This assumption was first used for the September 30, 2014 valuation of the System. For retirees, 100% of the table rates were used. For active members, 80% of the table rates were used for males and 70% of the table rates were used for females.

Other Assumptions:

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

Assumption changes as a result of an experience study for the period 2007 through 2012 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2014 valuation. The total OPEB liability as of September 30, 2017, is based on the results of an actuarial valuation date of September 30, 2016, and rolled forward using generally accepted actuarial procedures, including the experience study.

Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 5.4744.

Recognition period for assets in years is 5.0000.

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June 30, 2018

Full actuarial assumptions are available in the 2017 MPSERS Comprehensive Annual Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2017, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	28.0 %	5.6 %
Alternative Investment Pools	18.0	8.7
International Equity	16.0	7.2
Fixed Income Pools	10.5	(0.1)
Real Estate and Infrastructure Pools	10.0	4.2
Absolute Return Pools	15.5	5.0
Short Term Investment Pools	2.0	(0.9)
	<u>100.0%</u>	

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

Rate of Return

For the fiscal year ended September 30, 2017, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 11.82%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 7.5% 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 7.5%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the School District's proportionate share of the net OPEB liability calculated using the discount rate of 7.5%, as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
<u>\$ 75,776,830</u>	<u>\$ 64,695,245</u>	<u>\$ 55,290,449</u>

L'Anse Creuse Public Schools
Notes to the Financial Statements
June 30, 2018

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

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

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
6.5%	7.5%	8.5%
\$ 54,788,176	\$ 64,695,245	\$ 75,944,031

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2017 MPERS CAFR, available on the ORS website at www.michigan.gov/orsschools.

Payables to the OPEB Plan

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

Note 13 - Contingent Liabilities

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time although the School District expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the year June 30, 2018.

Note 14 - Tax Abatements

School Districts may receive reduced property tax revenues as a result of Industrial Facilities Tax exemptions and Brownfield Redevelopment Agreements granted by the various municipalities within the School District boundaries. 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, 2018, the School District's property tax revenues were reduced by approximately \$ 204,000 under these programs.

There are no significant abatements made by the School District.

Note 15 - Adoption of New Accounting Standards

As indicated in Note 1, the School District has adopted Governmental Accounting Standards Board Statement 75. This required the School District to record their proportionate share of the net OPEB liability and OPEB expense. Previously, these amounts were not recorded on the School District's statements. The standards require this change to be applied retroactively. The impact of this change is to reduce beginning net position in the statement of activities as of July 1, 2017 by \$62,255,730, restating it from (\$209,044,874) to (\$271,300,604).

REQUIRED SUPPLEMENTARY INFORMATION

L'Anse Creuse Public Schools
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>			Over (Under) Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Local sources	\$ 18,305,300	\$ 18,316,758	\$ 18,283,495	\$ (33,263)
State sources	84,108,500	84,628,491	84,384,352	(244,139)
Federal sources	4,988,900	5,036,943	4,442,226	(594,717)
Interdistrict sources	<u>1,895,000</u>	<u>2,120,000</u>	<u>2,172,279</u>	<u>52,279</u>
Total revenues	<u>109,297,700</u>	<u>110,102,192</u>	<u>109,282,352</u>	<u>(819,840)</u>
Expenditures				
Instruction				
Basic programs	54,808,700	54,272,663	54,602,569	329,906
Added needs	14,241,000	15,490,207	14,906,427	(583,780)
Adult and continuing education	320,100	359,682	358,884	(798)
Supporting services				
Pupil	8,173,200	7,984,544	7,965,844	(18,700)
Instructional staff	3,593,600	3,324,339	3,045,507	(278,832)
General administration	577,300	627,858	595,780	(32,078)
School administration	7,591,400	8,067,813	8,022,150	(45,663)
Business	1,340,400	1,204,730	1,188,027	(16,703)
Operations and maintenance	9,374,700	9,300,538	9,556,960	256,422
Pupil transportation services	4,081,400	4,240,024	4,347,920	107,896
Central	2,975,500	3,104,311	3,070,733	(33,578)
Athletic activities	1,278,400	1,341,241	1,297,824	(43,417)
Community services	1,882,800	1,929,939	1,963,444	33,505
Capital outlay	<u>-</u>	<u>259,301</u>	<u>259,773</u>	<u>472</u>
Total expenditures	<u>110,238,500</u>	<u>111,507,190</u>	<u>111,181,842</u>	<u>(325,348)</u>
Deficiency of revenues over expenditures	<u>(940,800)</u>	<u>(1,404,998)</u>	<u>(1,899,490)</u>	<u>(494,492)</u>

L'Anse Creuse Public Schools
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
Other Financing Sources				
Proceeds from sale of capital assets	425,000	259,700	259,923	223
Transfers in	<u>218,000</u>	<u>214,000</u>	<u>200,122</u>	<u>(13,878)</u>
Total other financing sources	<u>643,000</u>	<u>473,700</u>	<u>460,045</u>	<u>(13,655)</u>
Net change in fund balance	(297,800)	(931,298)	(1,439,445)	(508,147)
Fund balance - beginning	<u>6,183,519</u>	<u>6,183,519</u>	<u>6,183,519</u>	<u>-</u>
Fund balance - ending	<u>\$ 5,885,719</u>	<u>\$ 5,252,221</u>	<u>\$ 4,744,074</u>	<u>\$ (508,147)</u>

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
A. School district's proportion of net pension liability (%)	0.7304%	0.7491%	0.7530%	0.7407%						
B. School district's proportionate share of net pension liability	\$ 189,276,265	\$ 186,886,903	\$ 183,916,898	\$ 163,151,544						
C. School district's covered-employee payroll	\$ 60,207,202	\$ 63,081,719	\$ 62,639,375	\$ 60,159,805						
D. School district's proportionate share of net pension liability as a percentage of its covered- employee payroll	314.37%	296.26%	293.61%	271.20%						
E. Plan fiduciary net position as a percentage of total pension liability	64.21%	63.27%	63.17%	66.20%						

Note Disclosure

Information for the years 2009-2014 is unavailable. The information in this schedule was not required until the 2014-15 fiscal year.
Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2017.
Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2017.

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

	For the Years Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
A. Statutorily required contributions	\$ 19,599,868	\$ 11,108,756	\$ 13,203,368	\$ 13,198,825						
B. Contributions in relation to statutorily required contributions	<u>19,599,868</u>	<u>11,108,756</u>	<u>13,203,368</u>	<u>13,198,825</u>						
C. Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>						
D. School district's covered-employee payroll	\$ 58,764,991	\$ 60,182,979	\$ 66,337,643	\$ 60,296,139						
E. Contributions as a percentage of covered-employee payroll	33.35%	18.46%	19.90%	21.89%						

Note:

Information for the years 2009-2014 is unavailable. The information in this schedule was not required until the 2014-15 fiscal year.

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
A. School district's proportion of net OPEB liability (%)	0.7306%									
B. School district's proportionate share of net OPEB liability	\$ 64,695,245									
C. School district's covered-employee payroll	\$ 60,207,202									
D. School district's proportionate share of net OPEB liability as a percentage of its covered- employee payroll	107.45%									
E. Plan fiduciary net position as a percentage of total OPEB liability	36.39%									

Note Disclosure

Information for the years 2009-2017 is unavailable. The information in this schedule was not required until the 2017-18 fiscal year.
 Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2017.
 Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2017.

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

	For the Years Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
A. Statutorily required contributions	\$ 3,840,504									
B. Contributions in relation to statutorily required contributions	<u>3,840,504</u>									
C. Contribution deficiency (excess)	\$ <u>-</u>									
D. School district's covered-employee payroll	\$ 58,764,991									
E. Contributions as a percentage of covered-employee payroll	6.54%									

Note:

Information for the years 2009-2017 is unavailable. The information in this schedule was not required until the 2017-18 fiscal year.

OTHER SUPPLEMENTARY INFORMATION

L'Anse Creuse Public Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2018

	Special Revenue Funds		Debt Service Funds				Capital Project Funds		Total Nonmajor Governmental Funds	
	Food and Nutrition	International	2017A Refunding	2017B Refunding	2015 Refunding	2012 Refunding	2008 Issue	2010A Capital Projects Fund		2016 Capital Projects Fund
Assets										
Cash	\$ 598,685	\$ 5,325	\$ 15,710	\$ 28,132	\$ 280,280	\$ 56,886	\$ 681,513	\$ -	\$ -	\$ 1,666,531
Accounts receivable	121,264	-	-	-	-	-	-	-	-	121,264
Due from other funds	352,664	-	-	-	-	-	-	-	2,784,106	3,136,770
Inventory	35,488	-	-	-	-	-	-	-	-	35,488
Prepaid items	10,625	-	-	-	-	-	-	-	-	10,625
Restricted assets	-	-	-	-	-	-	692,992	809,056	-	1,502,048
Total assets	\$ 1,118,726	\$ 5,325	\$ 15,710	\$ 28,132	\$ 280,280	\$ 56,886	\$ 1,374,505	\$ 809,056	\$ 2,784,106	\$ 6,472,726
Liabilities										
Accounts payable	\$ 27	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,356	\$ -	\$ 31,383
Due to other funds	674,044	5,325	-	-	-	-	-	-	-	679,369
Unearned revenue	13,602	-	-	-	-	-	-	-	-	13,602
Total liabilities	687,673	5,325	-	-	-	-	-	31,356	-	724,354
Fund Balance										
Non-spendable										
Inventory	35,488	-	-	-	-	-	-	-	-	35,488
Prepaid items	10,625	-	-	-	-	-	-	-	-	10,625
Restricted for										
Food service	384,940	-	-	-	-	-	-	-	-	384,940
Debt service	-	-	15,710	28,132	280,280	56,886	1,374,505	-	-	1,755,513
Capital projects	-	-	-	-	-	-	-	777,700	2,784,106	3,561,806
Total fund balance	431,053	-	15,710	28,132	280,280	56,886	1,374,505	777,700	2,784,106	5,748,372
Total liabilities and fund balance	\$ 1,118,726	\$ 5,325	\$ 15,710	\$ 28,132	\$ 280,280	\$ 56,886	\$ 1,374,505	\$ 809,056	\$ 2,784,106	\$ 6,472,726

L'Anse Creuse Public Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2018

	Special Revenue Funds		Debt Service Funds						Capital Project Funds		Total Nonmajor Governmental Funds
	Food and Nutrition	International	2017A Refunding	2017B Refunding	2015 Refunding	2012 Refunding	2010 Series A	2008 Issue	2010A Capital Projects Fund	2016 Capital Projects Fund	
Revenues											
Local sources	\$ 1,389,237	\$ 164,672	\$ 675,117	\$ 1,198,192	\$ 6,294,914	\$ 2,412,678	\$ 1,417,990	\$ 4,882,212	\$ -	\$ -	\$ 18,435,012
State sources	202,667	-	25,188	44,709	229,211	90,047	58,562	181,983	-	-	832,367
Federal sources	2,217,480	-	-	-	-	-	-	-	-	-	2,217,480
Total revenues	3,809,384	164,672	700,305	1,242,901	6,524,125	2,502,725	1,476,552	5,064,195	-	-	21,484,859
Expenditures											
Current											
Education											
Supporting services	-	167,296	-	-	-	-	-	-	-	-	167,296
Food services	3,471,722	-	-	-	-	-	-	-	-	-	3,471,722
Facilities acquisition	-	-	-	-	-	-	-	-	3,041,721	-	3,041,721
Debt service											
Principal	-	-	795,000	-	3,675,000	2,885,000	2,000,000	2,150,000	-	-	11,505,000
Interest and other expenditures	-	-	210,119	2,227,346	5,249,890	1,010,823	100,121	2,569,775	-	-	11,368,074
Total expenditures	3,471,722	167,296	1,005,119	2,227,346	8,924,890	3,895,823	2,100,121	4,719,775	3,041,721	-	29,553,813
Excess (deficiency) of revenues over expenditures	337,662	(2,624)	(304,814)	(984,445)	(2,400,765)	(1,393,098)	(623,569)	344,420	(3,041,721)	-	(8,068,954)
Other Financing Sources (Uses)											
Proceeds from school bond loan fund	-	-	318,218	1,012,577	2,493,691	1,172,282	-	340,728	-	-	5,337,496
Transfers out	(198,430)	(1,692)	-	-	-	-	-	-	-	-	(200,122)
Total other financing sources (uses)	(198,430)	(1,692)	318,218	1,012,577	2,493,691	1,172,282	-	340,728	-	-	5,137,374
Net change in fund balance	139,232	(4,316)	13,404	28,132	92,926	(220,816)	(623,569)	685,148	(3,041,721)	-	(2,931,580)
Fund balance - beginning	291,821	4,316	2,306	-	187,354	277,702	623,569	689,357	3,819,421	2,784,106	8,679,952
Fund balance - ending	\$ 431,053	\$ -	\$ 15,710	\$ 28,132	\$ 280,280	\$ 56,886	\$ -	\$ 1,374,505	\$ 777,700	\$ 2,784,106	\$ 5,748,372

L'Anse Creuse Public Schools
Other Supplementary Information
Food and Nutrition Fund - Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local sources	\$ 1,438,100	\$ 1,525,580	\$ 1,389,237	\$ (136,343)
State sources	195,000	141,149	202,667	61,518
Federal sources	<u>2,167,000</u>	<u>2,093,117</u>	<u>2,217,480</u>	<u>124,363</u>
Total revenues	3,800,100	3,759,846	3,809,384	49,538
Expenditures				
Current				
Education				
Food services	<u>3,518,600</u>	<u>3,448,315</u>	<u>3,471,722</u>	<u>23,407</u>
Excess of revenues over expenditures	281,500	311,531	337,662	26,131
Other Financing Uses				
Transfers out	<u>(210,000)</u>	<u>(210,000)</u>	<u>(198,430)</u>	<u>11,570</u>
Net change in fund balance	71,500	101,531	139,232	37,701
Fund balance - beginning	<u>291,821</u>	<u>291,821</u>	<u>291,821</u>	<u>-</u>
Fund balance - ending	<u>\$ 363,321</u>	<u>\$ 393,352</u>	<u>\$ 431,053</u>	<u>\$ 37,701</u>

L'Anse Creuse Public Schools
Other Supplementary Information
International Fund - Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local sources	\$ 196,000	\$ 164,672	\$ 164,672	\$ -
Expenditures				
Current				
Education				
Supporting services	<u>186,000</u>	<u>163,662</u>	<u>167,296</u>	<u>3,634</u>
Excess (deficiency) of revenues over expenditures	10,000	1,010	(2,624)	(3,634)
Other Financing Sources (Uses)				
Transfers out	<u>(8,000)</u>	<u>(5,326)</u>	<u>(1,692)</u>	<u>3,634</u>
Net change in fund balance	2,000	(4,316)	(4,316)	-
Fund balance - beginning	<u>4,316</u>	<u>4,316</u>	<u>4,316</u>	<u>-</u>
Fund balance - ending	<u>\$ 6,316</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**L'Anse Creuse Public Schools
Other Supplementary Information
Agency Fund - Student Activities
Changes in Assets and Liabilities
For the Year Ended June 30, 2018**

	Due to (From) Student Groups June 30, 2017	Additions	Deductions	Due to (From) Student Groups June 30, 2018
Assets				
Cash and investments	\$ 1,475,454	\$ 4,371,371	\$ 4,555,540	\$ 1,291,285
Accounts receivable	-	455	-	455
	<u>1,475,454</u>	<u>4,371,826</u>	<u>4,555,540</u>	<u>1,291,740</u>
Total assets	<u>1,475,454</u>	<u>4,371,826</u>	<u>4,555,540</u>	<u>1,291,740</u>
Liabilities				
Due to students and groups	1,263,576	1,298,095	1,277,839	1,283,832
Accounts payable	14,268	7,908	14,268	7,908
Due to other funds	197,610	-	197,610	-
	<u>1,475,454</u>	<u>1,306,003</u>	<u>1,489,717</u>	<u>1,291,740</u>
Total liabilities	<u>\$ 1,475,454</u>	<u>\$ 1,306,003</u>	<u>\$ 1,489,717</u>	<u>\$ 1,291,740</u>

L'Anse Creuse Public Schools
Other Supplementary Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2018

Year Ending June 30,	2012 Refunding	2008 Issue	2015 Refunding	2017 Series A Refunding	2017 Series B Refunding	Total
2019	\$ 3,085,000	\$ 2,250,000	\$ 5,810,000	\$ 1,000,000	\$ -	\$ 12,145,000
2020	3,285,000	2,375,000	5,970,000	1,000,000	28,400,000	41,030,000
2021	3,480,000	2,500,000	4,070,000	1,000,000	31,200,000	42,250,000
2022	3,680,000	2,625,000	4,265,000	1,000,000	32,000,000	43,570,000
2023	3,775,000	2,750,000	4,435,000	-	-	10,960,000
2024	-	2,875,000	4,600,000	-	-	7,475,000
2025	-	3,000,000	4,695,000	-	-	7,695,000
2026	-	3,125,000	4,885,000	-	-	8,010,000
2027	-	3,250,000	5,045,000	-	-	8,295,000
2028	-	3,375,000	5,230,000	-	-	8,605,000
2029	-	3,500,000	5,395,000	-	-	8,895,000
2030	-	3,625,000	5,560,000	-	-	9,185,000
2031	-	3,750,000	5,725,000	-	-	9,475,000
2032	-	3,875,000	5,890,000	-	-	9,765,000
2033	-	4,000,000	6,055,000	-	-	10,055,000
2034	-	4,125,000	6,220,000	-	-	10,345,000
2035	-	4,250,000	6,340,000	-	-	10,590,000
2036	-	-	2,885,000	-	-	2,885,000
2037	-	-	2,870,000	-	-	2,870,000
2038	-	-	2,850,000	-	-	2,850,000
2039	-	-	2,835,000	-	-	2,835,000
2040	-	-	2,835,000	-	-	2,835,000
Total	<u>\$ 17,305,000</u>	<u>\$ 55,250,000</u>	<u>\$ 104,465,000</u>	<u>\$ 4,000,000</u>	<u>\$ 91,600,000</u>	<u>\$ 272,620,000</u>
Principal payments due the first day of	May	May	May	May	May	
Interest payments due the first day of	May and November	May and November	May and November	May and November	May and November	
Interest rate	4.00% - 5.00%	3.64%	3.75% - 5.00%	3.00% - 5.00%	2.16% - 2.68%	
Original issue	<u>\$ 28,960,000</u>	<u>\$ 70,130,000</u>	<u>\$ 118,685,000</u>	<u>\$ 4,795,000</u>	<u>\$ 91,600,000</u>	

STATISTICAL SECTION AND OTHER INFORMATION
(UNAUDITED)

L'Anse Creuse Public Schools
Description of Statistical Section
June 30, 2018

This part of the School District's Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplemental information says about the School District's overall financial health.

Contents

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Financial Trend Information

7 - 2

These schedules contain trend information to help the reader understand how the School District's financial performance and well-being have changed over time.

Revenue Capacity Information

7 - 6

These schedules contain information to help the reader assess the School District's most significant local revenue source, the property tax.

Debt Capacity Information

7 - 10

These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.

Demographic and Economic Information

7 - 13

These schedules offer demographic and economic indicators to help the reader understand the environment within which the School District's financial activities take place.

Operating Information

7 - 15

These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.

L'Anse Creuse Public Schools
Net Position by Component - Governmental Activities
Last Ten Fiscal Years (Unaudited)

	June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net investment in capital assets	\$ 1,750,311	\$ (2,421,811)	\$ (9,914,390)	\$ (16,673,121)	\$ (28,629,620)	\$ (27,266,485)	\$ (32,670,011)	\$ (35,244,396)	\$ (49,436,681)	\$ (52,691,962)
Restricted	5,879,979	5,589,691	7,277,892	6,512,129	6,947,846	6,266,739	6,423,333	2,784,106	2,784,106	2,784,106
Unrestricted	<u>27,773,000</u>	<u>25,544,925</u>	<u>22,822,307</u>	<u>16,850,893</u>	<u>16,131,141</u>	<u>7,200,187</u>	<u>(160,959,890)</u>	<u>(173,012,748)</u>	<u>(162,392,299)</u>	<u>(229,461,070)</u>
Total primary government net position	<u>\$ 35,403,290</u>	<u>\$ 28,712,805</u>	<u>\$ 20,185,809</u>	<u>\$ 6,689,901</u>	<u>\$ (5,550,633)</u>	<u>\$ (13,799,559)</u>	<u>\$ (187,206,568)</u>	<u>\$ (205,473,038)</u>	<u>\$ (209,044,874)</u>	<u>\$ (279,368,926)</u>

Source: L'Anse Creuse Public Schools audited financial statements

L'Anse Creuse Public Schools
Changes in Governmental Net Position
Last Ten Fiscal Years (Unaudited)

	Year Ended June 30									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses - Governmental activities										
Instruction	\$ 67,336,891	\$ 70,116,868	\$ 70,307,446	\$ 67,119,269	\$ 68,532,927	\$ 68,736,723	\$ 69,740,957	\$ 71,586,409	\$ 69,870,823	\$ 71,865,210
Support services	43,600,941	40,956,094	39,925,377	40,740,472	40,821,968	35,453,725	37,776,250	37,864,068	38,402,558	39,100,578
Athletics	1,105,261	1,118,834	1,508,687	1,161,292	1,211,037	1,130,961	1,217,079	1,288,005	1,309,020	1,336,811
Food services	3,549,497	3,347,789	3,554,588	3,680,757	3,470,530	3,443,312	3,686,494	3,524,938	3,617,619	3,576,016
Community services	2,327,668	2,398,741	2,287,778	2,482,271	2,105,734	1,788,787	1,865,625	1,838,853	1,873,620	2,022,427
Payments to other public schools	-	82,000	73,800	114,366	83,600	65,000	68,166	71,990	65,998	-
Interest on long-term debt and other expenses	13,151,063	14,498,964	15,963,643	15,851,488	14,303,588	14,414,135	11,289,345	15,079,454	9,090,419	10,415,358
Loss on sale of capital assets (unallocated)	2,958,178	3,299,156	-	-	-	-	-	3,803,944	-	1,827,440
Depreciation (unallocated)	7,940,875	8,674,726	8,830,148	9,188,798	9,475,243	9,803,612	10,063,160	9,876,872	9,284,816	8,786,497
Total expenses - Governmental activities	141,970,374	144,493,172	142,451,467	140,338,713	140,004,627	134,836,255	135,707,076	144,934,533	133,514,873	138,930,337
Program Revenue										
Charges for services:										
Instruction	-	-	-	-	-	-	-	135,000	152,250	142,750
Athletics	80,723	72,369	74,359	87,517	300,094	324,162	316,859	313,313	313,883	298,405
Food services	1,922,403	1,712,709	1,657,442	1,652,277	1,279,396	1,329,743	1,447,268	1,400,049	1,562,927	1,400,382
Community services	2,548,376	2,574,956	2,815,725	2,866,530	2,733,310	2,701,483	2,895,541	2,563,627	2,483,494	2,729,498
Capital grants and contributions	-	-	-	-	-	-	-	-	-	5,063
Operating grants and contributions	18,346,695	18,636,642	19,675,447	19,885,887	22,567,024	22,900,529	23,744,933	25,684,089	27,282,867	27,779,894
Total program revenue	22,898,197	22,996,676	24,222,973	24,492,211	26,879,824	27,255,917	28,404,601	30,096,078	31,795,421	32,355,992
Net Expenses	(119,072,177)	(121,496,496)	(118,228,494)	(115,846,502)	(113,124,803)	(107,580,338)	(107,302,475)	(114,838,455)	(101,719,452)	(106,574,345)
General Revenue										
Property taxes	36,674,753	35,536,288	33,354,988	30,976,713	29,533,151	29,071,199	29,960,228	30,300,644	30,804,299	31,570,020
State aid not restricted to specific purposes	70,139,718	71,522,846	71,407,590	71,627,515	70,588,678	69,454,534	67,894,784	65,417,081	65,865,945	65,573,565
Federal revenue - Unrestricted	-	3,349,951	1,401,462	2,489,298	-	-	38,009	39,103	43,438	40,271
County special education tax	2,245,178	-	-	-	-	-	-	-	-	-
Investment earnings	3,942,663	3,916,877	3,083,957	1,761,579	319,847	134,671	101,322	121,897	116,513	111,114
Gain on the sale of capital assets	-	-	14,054	3,603	62,587	52,409	171,957	-	-	-
Other	559,150	480,049	439,447	586,886	380,006	618,599	878,021	693,260	1,317,421	1,211,053
Special item - Interest rate swap redemption	-	-	-	(5,095,000)	-	-	-	-	-	-
Total general revenue	113,561,462	114,806,011	109,701,498	102,350,594	100,884,269	99,331,412	99,044,321	96,571,985	98,147,616	98,506,023
Change in Net Position	\$ (5,510,715)	\$ (6,690,485)	\$ (8,526,996)	\$ (13,495,908)	\$ (12,240,534)	\$ (8,248,926)	\$ (8,258,154)	\$ (18,266,470)	\$ (3,571,836)	\$ (8,068,322)

Source: L'Anse Creuse Public Schools audited financial statements

L'Anse Creuse Public Schools
Fund Balances - Governmental Funds
Last Ten Fiscal Years (Unaudited)

	June 30									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund:										
Pre GASB 54:										
Reserved	\$ 3,058,071	\$ 758,106	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	20,887,158	18,522,946	-	-	-	-	-	-	-	-
Post GASB 54:										
Nonspendable	-	-	754,428	318,415	142,617	576,099	388,700	524,197	551,291	475,460
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	2,775,421	5,993,333	2,182,896	4,342,534	1,959,400	257,850	569,050	247,350
Unassigned	-	-	12,534,786	7,006,706	7,292,622	7,436,732	5,776,827	5,535,299	5,063,178	4,021,264
Total General Fund	\$ 23,945,229	\$ 19,281,052	\$ 16,064,635	\$ 13,318,454	\$ 9,618,135	\$ 12,355,365	\$ 8,124,927	\$ 6,317,346	\$ 6,183,519	\$ 4,744,074
All other governmental funds:										
Pre GASB 54:										
Reserved	\$ 50,627,823	\$ 94,416,940	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
General capital projects funds	6,208,332	5,801,424	-	-	-	-	-	-	-	-
Special revenue funds	53,546	255,191	-	-	-	-	-	-	-	-
Post GASB 54:										
Nonspendable	-	-	6,421	5,276	5,276	50,765	45,223	47,431	40,019	46,113
Restricted	-	-	72,156,210	49,432,970	29,564,126	20,332,708	16,587,757	14,067,494	10,383,205	6,344,728
Committed	-	-	5,523,772	5,376,373	5,285,104	1,222,386	1,222,386	1,022,386	-	-
Assigned	-	-	-	-	-	9,131	4,102	4,102	4,316	-
Unassigned	-	-	(27,425)	-	-	-	-	-	-	-
Total all other governmental funds	\$ 56,889,701	\$ 100,473,555	\$ 77,658,978	\$ 54,814,619	\$ 34,854,506	\$ 21,614,990	\$ 17,859,468	\$ 15,141,413	\$ 10,427,540	\$ 6,390,841

Source: L'Anse Creuse Public Schools audited financial statements

Note: On July 1, 2010, the School District adopted GASB No. 54 which changed certain classifications for fund balance. The balances prior to June 30, 2010 have not been restated.

L'Anse Creuse Public Schools
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years (Unaudited)

	Year Ended June 30									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenue										
Local revenue	\$ 45,728,068	\$ 41,347,239	\$ 40,053,778	\$ 36,768,312	\$ 34,545,804	\$ 34,788,367	\$ 35,433,857	\$ 35,777,717	\$ 36,577,123	\$ 36,756,569
State revenue	76,797,109	78,640,445	78,237,918	80,404,303	81,919,468	82,155,709	82,380,390	82,575,542	84,439,549	85,216,719
Federal revenue	11,370,323	12,263,090	12,081,113	11,608,304	8,577,897	8,383,197	7,457,640	6,716,623	7,039,193	6,659,706
Interdistrict revenue	2,564,159	2,605,904	2,165,468	1,990,093	1,891,130	1,816,157	1,839,696	1,922,260	1,862,371	2,172,279
Total revenue	<u>136,459,659</u>	<u>134,856,678</u>	<u>132,538,277</u>	<u>130,771,012</u>	<u>126,934,299</u>	<u>127,143,430</u>	<u>127,111,583</u>	<u>126,992,142</u>	<u>129,918,236</u>	<u>130,805,273</u>
Expenditures										
Instruction	64,979,870	71,559,339	68,838,867	68,086,008	68,532,927	67,736,723	69,846,745	69,471,311	69,173,154	69,867,880
Support services	41,370,173	40,474,415	38,665,485	39,332,486	37,824,304	37,355,569	37,968,530	36,825,408	38,125,653	37,960,217
Athletics	1,105,261	1,430,233	1,508,687	1,161,292	1,211,037	1,130,961	1,245,132	1,252,674	1,299,581	1,297,824
Food services	3,549,497	3,347,789	3,554,588	3,687,746	3,470,530	3,443,312	3,686,494	3,428,244	3,591,534	3,471,722
Community services	2,327,668	2,398,741	2,287,778	2,482,271	2,105,734	1,788,787	1,873,423	1,788,411	1,860,110	1,963,444
Debt service:										
Principal	10,955,000	12,645,000	14,390,000	14,955,000	15,635,000	13,750,000	15,565,000	12,100,000	109,331,550	11,505,000
Interest	12,713,458	12,381,222	14,974,642	14,025,861	12,926,718	12,321,183	7,973,618	11,260,035	9,475,328	11,260,885
Other	139,611	898,503	923,632	1,245,497	751,644	567,615	1,178,010	501,097	572,166	107,189
Capital outlay	35,408,756	25,297,672	24,052,079	23,853,943	20,207,616	9,097,334	5,625,405	4,445,277	3,680,075	4,444,675
Payments to other public schools	-	82,000	73,800	114,366	83,600	65,000	68,166	71,990	65,998	-
Total expenditures	<u>172,549,294</u>	<u>170,514,914</u>	<u>169,269,558</u>	<u>168,944,470</u>	<u>162,749,110</u>	<u>147,256,484</u>	<u>145,030,523</u>	<u>141,144,447</u>	<u>237,175,149</u>	<u>141,878,836</u>
Excess of Expenditures Over Revenue	<u>(36,089,635)</u>	<u>(35,658,236)</u>	<u>(36,731,281)</u>	<u>(38,173,458)</u>	<u>(35,814,811)</u>	<u>(20,113,054)</u>	<u>(17,918,940)</u>	<u>(14,152,305)</u>	<u>(107,256,913)</u>	<u>(11,073,563)</u>
Other Financing Sources (Uses)										
Proceeds from sale of capital assets	177,039	42,584	43,535	44,980	148,350	122,215	171,957	3,278,240	24,801	259,923
Transfers in	2,961,445	407,714	862,919	785,011	430,558	4,279,132	335,788	674,838	1,234,692	200,122
Transfers out	(2,961,445)	(407,714)	(862,919)	(785,011)	(430,558)	(4,279,132)	(335,788)	(674,838)	(1,234,692)	(200,122)
Debt issuance	4,744,346	74,535,329	10,656,752	41,202,313	12,006,029	9,488,553	127,830,000	6,348,429	101,952,885	5,337,496
Debt premium or discount	-	-	-	4,525,255	-	-	15,300,918	-	431,527	-
Debt defeasance	-	-	-	(33,189,630)	-	-	(133,369,895)	-	-	-
Total other financing sources	<u>4,921,385</u>	<u>74,577,913</u>	<u>10,700,287</u>	<u>12,582,918</u>	<u>12,154,379</u>	<u>9,610,768</u>	<u>9,932,980</u>	<u>9,626,669</u>	<u>102,409,213</u>	<u>5,597,419</u>
Net Change in Fund Balances	<u>(31,168,250)</u>	<u>38,919,677</u>	<u>(26,030,994)</u>	<u>(25,590,540)</u>	<u>(23,660,432)</u>	<u>(10,502,286)</u>	<u>(7,985,960)</u>	<u>(4,525,636)</u>	<u>(4,847,700)</u>	<u>(5,476,144)</u>
Fund Balances - Beginning of year	<u>112,003,180</u>	<u>80,834,930</u>	<u>119,754,607</u>	<u>93,723,613</u>	<u>68,133,073</u>	<u>44,472,641</u>	<u>33,970,355</u>	<u>25,984,395</u>	<u>21,458,759</u>	<u>16,611,059</u>
Fund Balances - End of year	<u>\$ 80,834,930</u>	<u>\$ 119,754,607</u>	<u>\$ 93,723,613</u>	<u>\$ 68,133,073</u>	<u>\$ 44,472,641</u>	<u>\$ 33,970,355</u>	<u>\$ 25,984,395</u>	<u>\$ 21,458,759</u>	<u>\$ 16,611,059</u>	<u>\$ 11,134,915</u>
Debt Service as a Percentage of Noncapital Expenditures	21.0%	21.7%	26.4%	26.3%	25.9%	23.9%	21.6%	21.2%	20.2%	20.0%

Source: L'Anse Creuse Public Schools audited financial statements

** The debt service payments including current refunding activity (payments to escrow agents). These payments were removed from the calculation to arrive at this percentage.

L'Anse Creuse Public Schools
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years (Unaudited)

Tax Year	Taxable Value by Property Type						Total Value	Tax Rate (Mills)	Estimated Actual Value	Taxable Value as a Percentage of Actual
	Real Property				Agricultural and Other	Personal Property				
	Residential	Commercial	Industrial							
2008	\$ 1,951,994,014	\$ 401,113,652	\$ 260,028,803	\$ 1,743,788	\$ 210,141,277	\$ 2,825,021,534	25.00	\$ 6,483,278,142	44	
2009	1,829,225,934	403,944,583	258,683,983	2,050,745	213,538,573	2,707,443,818	25.00	5,876,851,254	46	
2010	1,667,052,639	417,259,195	234,644,626	2,221,948	205,935,127	2,527,113,535	25.00	5,369,036,012	47	
2011	1,575,115,486	391,326,388	205,403,140	283,105	192,301,809	2,364,429,928	25.00	4,858,059,956	49	
2012	1,503,679,964	364,340,632	191,429,165	3,553,473	209,452,451	2,272,455,685	25.00	4,655,989,248	49	
2013	1,497,036,943	352,284,963	185,033,954	3,337,292	206,260,581	2,243,953,733	25.00	4,602,953,300	49	
2014	1,535,697,788	359,316,396	186,202,079	3,128,065	191,393,107	2,275,737,435	25.00	4,767,111,686	48	
2015	1,587,444,131	360,791,635	190,003,837	3,145,241	200,575,186	2,341,960,030	25.00	5,219,009,096	45	
2016	1,632,860,574	372,436,592	191,523,707	1,273,096	134,506,554	2,332,600,523	25.00	5,525,259,122	42	
2017	1,692,694,538	378,845,350	195,542,942	1,284,526	130,164,840	2,398,532,196	25.00	5,773,243,046	42	

Note: Under Michigan law, the revenue base is taxable value.

Taxes levied in a particular "tax year" become revenue of the subsequent fiscal year.

Source: Macomb County Equalization Department

L'Anse Creuse Public Schools
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years (Unaudited)

		Millage Rates - Direct School District Taxes							Overlapping Taxes									
		Operating			Total Direct Taxes				City of					Township of				
Fiscal Year	Ended	Homestead	Non-homestead	Debt*	Homestead	Non-homestead	Macomb County	Macomb Community College	Intermediate School District	State Education	Huron - Clinton Metro Authority	Mount Clemens	St. Clair Shores	Clinton	Chesterfield	Harrison	Macomb	Other**
Tax Year	June 30																	
2008	2009	-	18.00	7.00	7.00	25.00	4.2455	1.4212	2.9430	6.0000	0.2146	18.2159	18.8982	13.2748	8.3001	6.7780	4.5587	0.6900
2009	2010	-	18.00	7.00	7.00	25.00	4.6135	1.4212	2.9430	6.0000	0.2146	18.2159	18.2280	13.2748	8.8001	6.7801	4.5814	0.6900
2010	2011	-	18.00	7.00	7.00	25.00	4.6135	1.4212	2.9430	6.0000	0.2146	18.2159	18.0406	13.5689	8.8001	6.7827	4.5886	0.6900
2011	2012	-	18.00	7.00	7.00	25.00	4.6135	1.5712	2.9430	6.0000	0.2146	18.3511	19.3562	13.5989	8.8001	6.7844	4.5886	0.6900
2012	2013	-	18.00	7.00	7.00	25.00	4.6135	1.5712	2.9430	6.0000	0.2146	18.6629	19.4518	13.6489	8.8001	6.7847	4.5886	0.6900
2013	2014	-	18.00	7.00	7.00	25.00	4.6135	1.5312	2.9430	6.0000	0.2146	18.6639	20.5388	15.9289	8.8001	7.2916	4.5886	0.8900
2014	2015	-	18.00	7.00	7.00	25.00	4.6135	1.5262	2.9430	6.0000	0.2000	18.6639	20.9950	16.2889	9.7026	7.7916	4.9786	1.1000
2015	2016	-	18.00	7.00	7.00	25.00	4.6135	1.5302	2.9430	6.0000	0.2146	24.8062	21.2602	16.2952	9.6867	7.7522	4.9660	1.1000
2016	2017	-	18.00	7.00	7.00	25.00	4.6014	1.4174	2.9354	6.0000	0.2146	24.8045	21.2309	16.2902	9.6007	8.7587	4.9443	1.0971
2017	2018	-	18.00	7.00	7.00	25.00	4.5974	1.4072	2.9147	6.0000	0.2140	24.6999	24.4089	16.2324	9.4090	8.4885	6.3470	1.2871

* Debt millages apply to homestead and non-homestead property.

** Suburban Mobility Authority Regional Transportation (SMART) and Zoo Authority

Source: Macomb County Apportionment Report and Municipal Finance

**L'Anse Creuse Public Schools
Principal Property Taxpayers
Year Ended June 30, 2018 (Unaudited)**

Taxpayer	2017 Taxable		Percentage of Total	2008 Taxable		Percentage of Total
	Value	Rank		Value	Rank	
DTE Energy	\$ 26,454,216	1	1.10%	\$ 23,801,678	2	0.84%
Harbours Apartments	17,552,431	2	0.73%			
Waterside Marketplace, LLC	14,790,112	3	0.62%	17,154,500	4	0.61%
Tower Automotive	12,582,958	4	0.52%	31,916,800	1	1.13%
Paragon Properties	8,732,379	5	0.36%	8,594,190	9	0.30%
Aspen Creek / Chesterfield Farms Apartments	8,333,818	6	0.35%	11,227,994	7	0.40%
Kuka Systems N.A.	6,918,368	7	0.29%			
Charles Riley Properties	6,374,018	8	0.27%			
Beachwood Townhomes of Harrison Twp	6,293,415	9	0.26%			
Viking Partners Chesterfield	5,630,115	10	0.23%			
Cadence Innovation				19,581,393	3	0.69%
Dupont / Mt. Clemens Coating				13,929,500	5	0.49%
Schaller Corporation / ISI				11,931,832	6	0.42%
USM / Emhart Corporation / Emhart Teknologies				10,998,352	8	0.39%
Mac Ray Harbour				8,391,190	10	0.30%

Source: Municipalities within the school district boundaries

**L'Anse Creuse Public Schools
Property Tax Levies and Collections
Last Ten Fiscal Years (Unaudited)**

Tax Year	Fiscal Year Ended June 30	Unadjusted Total Levy	Current Collections	Percent Collected	Delinquent Collections (Refunds)	Total Tax Collections	Percent of Initial Levy Collected
2008	2009	\$ 36,207,672	\$ 36,058,117	99.6%	\$ 1,013,717	\$ 37,071,834	102.4%
2009	2010	35,430,627	34,196,999	96.5%	(369,166)	33,827,833	95.5%
2010	2011	33,657,452	33,725,582	100.2%	(434,540)	33,291,042	98.9%
2011	2012	31,679,744	30,976,713	97.8%	86,264	31,062,977	98.1%
2012	2013	30,527,773	29,596,490	96.9%	(290,854)	29,305,636	96.0%
2013	2014	29,176,635	29,134,357	99.9%	107,312	29,241,669	100.2%
2014	2015	29,669,115	29,537,742	99.6%	154,824	29,692,566	100.1%
2015	2016	30,178,031	30,203,870	100.1%	(63,412)	30,140,458	99.9%
2016	2017	30,333,293	30,217,846	99.6%	31,138	30,248,984	99.7%
2017	2018	30,904,422	30,834,971	99.8%	11,780	30,846,751	99.8%

Source: Macomb County Equalization Department and State of Michigan (State Aid Status Report)

L'Anse Creuse Public Schools
Ratios of Outstanding Debt
Last Ten Fiscal Years (Unaudited)

Fiscal Year	General Obligation Bonds	Less Pledged Debt Service Funds	Net General Bonded Debt	Other General Obligation Debt	Total General Obligation Debt	Net General Bonded Debt as a Percentage of		Total Debt as a Percentage of Taxable Value	Population	Net General Bonded Debt per Capita		Per Capita Personal Income (C)	Ratio of Total Debt to Personal Income
						Taxable Value	Taxable Value			per Capita	per Capita		
2009	\$ 247,540,000	-	\$ 247,540,000	\$ 8,711,615	\$ 256,251,615	\$ 2,825,021,534	8.76%	9.07%	67,504 (A)	\$ 3,667	\$ 3,796	\$ 31,085	12.21%
2010	305,015,000	-	305,015,000	13,126,944	318,141,944	2,707,443,818	11.27%	11.75%	69,435 (A)	4,393	4,582	26,790	17.10%
2011	290,625,000	-	290,625,000	23,783,696	314,408,696	2,527,113,535	11.50%	12.44%	68,985 (A)	4,213	4,558	27,037	16.86%
2012	272,970,000	-	272,970,000	38,449,343	311,419,343	2,364,429,928	11.54%	13.17%	68,725 (A)	3,972	4,531	26,524	17.08%
2013	257,335,000	-	257,335,000	51,743,339	309,078,339	2,272,455,685	11.32%	13.60%	68,000 (B)	3,784	4,545	27,972	16.25%
2014	243,585,000	-	243,585,000	63,117,915	306,702,915	2,243,953,733	10.86%	13.67%	69,512 (B)	3,504	4,412	26,618	16.58%
2015	217,975,000	-	217,975,000	74,493,777	292,468,777	2,275,737,435	9.58%	12.85%	70,120 (B)	3,109	4,171	26,748	15.59%
2016	205,875,000	-	205,875,000	83,429,317	289,304,317	2,341,960,030	8.79%	12.35%	70,558 (B)	2,918	4,100	27,145	15.10%
2017	284,125,000	-	284,125,000	49,710	284,174,710	2,332,600,523	12.18%	12.18%	70,942 (B)	4,005	4,006	27,525	14.55%
2018	272,620,000	-	272,620,000	5,420,027	278,040,027	2,398,532,196	11.37%	11.59%	71,179 (B)	3,830	3,906	28,588	13.66%

Population estimates derived from Southeast Michigan Council of Governments (A) and U.S. Census Bureau (B). Personal income from Bureau of Economic Statistics (C)

L'Anse Creuse Public Schools
Direct and Overlapping Governmental Activities Debt
Year Ended June 30, 2018 (Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percent Applicable	Estimated Share of Overlapping Debt
City of Mount Clemens	\$ 1,878,278	4.36%	\$ 81,951
City of St. Clair Shores	39,577,600	0.11%	43,298
Chesterfield Township	32,371,778	52.30%	16,931,919
Clinton Township	75,554,925	14.71%	11,111,935
Harrison Township	13,193,188	100.00%	13,193,188
Macomb Township	61,842,307	8.19%	5,063,975
Macomb County	319,075,472	9.23%	29,438,083
Clinton-Macomb Public Library	15,830,000	11.39%	<u>1,803,037</u>
Total overlapping debt			77,667,386
Direct School District Debt:			
General obligation bonds			272,620,000
School Bond Loan/School Loan Revolving Fund			<u>5,420,027</u>
Total direct and overlapping debt			<u>\$ 355,707,413</u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the School District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses within the School District. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is not within other districts.

**L'Anse Creuse Public Schools
Legal Debt Margin
Last Ten Fiscal Years (Unaudited)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Calculation of Debt Limit:										
State equalized valuation (SEV)	\$ 3,241,639,071	\$ 2,938,425,627	\$ 2,684,518,006	\$ 2,457,711,092	\$ 2,327,994,624	\$ 2,301,476,650	\$ 2,383,555,843	\$ 2,609,504,548	\$ 2,762,629,561	\$ 2,886,621,523
15% of SEV	486,245,861	440,763,844	402,677,701	368,656,664	349,199,194	345,221,498	357,533,376	391,425,682	414,394,434	432,993,228
Calculation of Debt Subject to Limit:										
Total debt	256,251,615	305,015,000	290,625,000	257,335,000	257,335,000	243,585,000	217,975,000	205,875,000	284,125,000	272,620,000
Less debt not subject to limit - State qualified debt issuance	<u>(256,251,615)</u>	<u>(305,015,000)</u>	<u>(290,625,000)</u>	<u>(257,335,000)</u>	<u>(257,335,000)</u>	<u>(243,585,000)</u>	<u>(217,975,000)</u>	<u>(205,875,000)</u>	<u>(284,125,000)</u>	<u>(272,620,000)</u>
Net debt subject to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 486,245,861</u>	<u>\$ 440,763,844</u>	<u>\$ 402,677,701</u>	<u>\$ 368,656,664</u>	<u>\$ 349,199,194</u>	<u>\$ 345,221,498</u>	<u>\$ 357,533,376</u>	<u>\$ 391,425,682</u>	<u>\$ 414,394,434</u>	<u>\$ 432,993,228</u>
Net debt subject to limit as % of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Note: All bonds qualified under Article IX, Section 16 of the Michigan Constitution of 1963 are exempt from computation of the legal debt margin.

Source: Municipal Advisory Council of Michigan

**L'Anse Creuse Public Schools
Demographic and Economic Statistics
Last Ten Fiscal Years (Unaudited)**

Fiscal Year	Population	Median Household Income	Median Age	Total Personal Income	Per Capita Personal Income	Unemployment Rate
2009	831,427	\$ 65,292	39.0	\$25,844,908,295	\$ 31,085	18.4
2010	840,978	55,327	38.7	22,529,800,620	26,790	17.4
2011	841,184	55,466	38.5	22,743,091,808	27,037	11.6
2012	842,887	53,996	39.9	22,356,734,788	26,524	10.7
2013	847,710	53,184	39.8	22,281,465,381	24,878	9.5
2014	854,769	53,628	40.0	22,752,241,242	26,618	9.1
2015	860,112	53,451	41.0	23,006,275,776	26,748	6.3
2016	864,840	54,059	41.1	23,476,081,800	27,145	5.6
2017	867,730	54,582	41.1	23,884,268,250	27,525	4.2
2018	871,375	55,951	41.1	24,910,868,500	28,588	4.1

Note: The statistics shown above are for the County of Macomb, which encompasses the entire School District and surrounding communities.

Sources: U.S. Census Bureau, American Community Survey, St Louis Fed

**L'Anse Creuse Public Schools
Principal Employers
June 30, 2018 (Unaudited)**

Taxpayer	Estimated 2018 Employees	Rank	Percentage of Total Employment	Estimated 2009 Employees	Rank	Percentage of Total Employment
General Motors Co.	19,777	1	4.8%	15,000	1	3.8%
FCA US LLC / Chrysler Group	11,314	2	2.8%	14,200	2	3.6%
U.S. Government	6,616	3	1.6%	4,900	5	1.3%
Ford Motor Company	4,560	4	1.1%	8,390	4	2.1%
St. John Providence Health System	3,067	5	0.8%	4,200	6	1.1%
McLaren Health Care Corp.	2,776	6	0.7%			0.0%
Henry Ford Health System	2,754	7	0.7%			0.0%
Utica Community Schools	2,383	8	0.6%			0.0%
Macomb County	2,305	9	0.6%	2,500	8	0.6%
General Dynamics Land System	1,872	10	0.5%	2,000	9	0.5%
Lincoln / ORSCO, Inc.				9,000	3	2.3%
Chrysler Sterling Stamping				3,300	7	0.8%
Macomb Community College				1,900	10	0.5%
Total principal employers	<u>57,424</u>			<u>65,390</u>		
Total employment Macomb County	<u>408,439</u>			<u>390,791</u>		

Source: Crains Detroit Business, Michigan Manufacturers Directory, Macomb County Department of Planning and Economic Development.

L'Anse Creuse Public Schools
Full-Time Equivalent School District Employees
Last Ten Fiscal Years (Unaudited)

Fiscal Year Ended June 30	General Government Function/Program				Total
	Instruction	Support Services	Community Services	Food Services	
2009	919	396	20	66	1,401
2010	927	390	20	66	1,403
2011	933	357	20	66	1,376
2012	899	357	20	72	1,348
2013	891	343	20	72	1,326
2014	884	321	20	72	1,297
2015	887	316	20	65	1,288
2016	833	242	20	75	1,170
2017	829	237	20	77	1,163
2018	771	266	20	73	1,130

Source: L'Anse Creuse Public Schools report to Michigan Education Information System - Registry of Educational Personnel.

**L'Anse Creuse Public Schools
Operating Indicators
Last Ten Fiscal Years (Unaudited)**

Year	Enrollment	Operating Expenditures	Cost per Pupil	Operating Revenue	Revenue per Pupil	Total Teaching Staff	Percentage of Students Qualifying for Free/Reduced Meals
2008	11,764	\$ 106,346,483	\$ 9,040	\$ 109,458,549	\$ 9,305	630	25
2009	12,008	113,332,469	9,438	112,660,132	9,382	652	32
2010	12,323	119,292,517	9,680	114,812,142	9,317	652	34
2011	12,094	114,929,205	9,503	111,773,051	9,242	648	35
2012	11,768	114,749,803	9,751	112,548,102	9,564	635	36
2013	11,526	109,688,879	9,517	105,409,997	9,145	632	37
2014	11,244	108,003,027	9,605	106,338,910	9,457	619	35
2015	11,034	111,094,673	10,068	106,329,278	9,637	613	34
2016	10,808	109,366,054	10,119	106,524,203	9,856	581	36
2017	10,689	110,394,515	10,328	109,003,501	10,198	555	33
2018	10,491	111,181,842	10,598	109,282,352	10,417	547	39

Sources: CEPI and MI School Data (based on L'Anse Creuse Public Schools reports to State of Michigan)

L'Anse Creuse Public Schools
Capital Asset Information
Last Ten Fiscal Years (Unaudited)

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Instructional buildings:										
Elementary:										
Number of buildings	10	10	10	10	10	10	10	9	9	9
Square footage	561,143	614,018	614,018	614,018	614,018	614,018	614,018	559,778	559,778	559,778
Capacity	4,560	4,560	4,560	4,560	4,560	4,560	4,560	3,595	3,595	3,595
Enrollment	4,888	5,018	4,967	4,836	4,724	4,573	4,472	4,293	4,306	4,270
Middle:										
Number of buildings	4	4	4	4	4	4	4	4	4	4
Square footage	396,819	396,819	396,819	396,819	396,819	396,819	396,819	396,819	396,819	396,819
Capacity	3,128	3,128	3,128	3,128	3,128	3,128	3,128	3,128	3,128	3,128
Enrollment	2,739	2,789	2,767	2,709	2,770	2,719	2,617	2,583	2,515	2,500
High:										
Number of buildings	2	2	2	2	2	2	2	2	2	2
Square footage	414,767	475,944	475,944	475,944	475,944	475,944	475,944	475,944	475,944	475,944
Capacity	2,975	2,975	2,975	2,975	2,975	2,975	2,975	2,975	2,975	2,975
Enrollment	3,694	3,740	3,676	3,572	3,367	3,281	3,446	3,434	3,336	3,262
Other:										
Number of buildings	7	8	8	8	8	8	8	8	7	6
Square footage	263,188	300,328	300,328	300,328	300,328	300,328	300,328	300,328	285,288	261,050
Capacity	722	722	722	722	722	722	722	722	722	355
Enrollment	687	679	684	651	665	671	499	362	393	328
Administrative:										
Number of buildings	1	1	1	1	1	1	1	1	1	1
Square footage	15,040	15,040	15,040	15,040	53,140	53,140	53,140	53,140	53,140	53,140
Transportation:										
Number of garages	1	1	1	1	1	1	1	1	1	1
Buses	101	101	101	104	101	101	101	99	92	88
Athletics:										
Football fields	4	4	4	4	4	4	4	4	4	4
Soccer fields	8	8	8	8	8	8	8	8	8	8
Running tracks	4	4	4	4	4	4	4	4	4	4
Baseball/Softball	13	13	13	13	13	13	13	13	13	13
Swimming pools	2	2	2	2	2	2	2	2	2	2
Playgrounds	10	10	10	10	10	10	10	10	10	10
Playgrounds - Vacant (Admin)	-	-	-	-	1	1	1	1	-	-

Sources: L'Anse Creuse Public Schools business office and CEPI (mischooldata.org)