

IDA PUBLIC  
SCHOOLS



Year Ended  
June 30, 2022

Financial  
Statements and  
Single Audit Act  
Compliance

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# IDA PUBLIC SCHOOLS

## Table of Contents

	<u>Page</u>
<b>Independent Auditors' Report</b>	1
<b>Management's Discussion and Analysis</b>	5
<b>Basic Financial Statements</b>	
Government-wide Financial Statements:	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements:	
Balance Sheet – Governmental Funds	18
Reconciliation – Fund Balances of Governmental Funds to Net Position of Governmental Activities	19
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	20
Reconciliation – Net Changes in Fund Balances of Governmental Funds to Change in Net Position of Governmental Activities	21
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual - General Fund	22
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual - Technology Fund	23
Notes to Financial Statements	25
<b>Required Supplementary Information</b>	
MPSERS Cost-Sharing Multiple-Employer Plan	
Schedule of the District's Proportionate Share of the Net Pension Liability	50
Schedule of the District's Pension Contributions	52
Schedule of the District's Proportionate Share of the Net Other Postemployment Benefit Liability	54
Schedule of the District's Other Postemployment Benefit Contributions	55
Notes to Required Supplementary Information	56
<b>Combining Fund Financial Statements</b>	
Nonmajor Governmental Funds:	
Combining Balance Sheet	58
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	60

# IDA PUBLIC SCHOOLS

## Table of Contents

	<u>Page</u>
<b>Single Audit Act Compliance</b>	
Independent Auditors' Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	65
Schedule of Expenditures of Federal Awards	68
Notes to Schedule of Expenditures of Federal Awards	72
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	75
Independent Auditors' Report on Compliance for the Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance	77
Schedule of Findings and Questioned Costs	81
Summary Schedule of Prior Audit Findings	83



## INDEPENDENT AUDITORS' REPORT

October 21, 2022

Board of Education  
Ida Public Schools  
Ida, Michigan

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of *Ida Public Schools* (the "District"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of *Ida Public Schools* as of June 30, 2022, and the respective changes in financial position thereof and the respective budgetary comparison for the general fund and the major special revenue fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Independent Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management 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.



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

***Independent Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

**Required Supplementary Information**

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

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Rehmann Lobson LLC". The signature is written in a cursive, flowing style.

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# IDA PUBLIC SCHOOLS

## Management's Discussion and Analysis

As management of Ida Public Schools (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year beginning July 1, 2021 and ending June 30, 2022.

### Financial Highlights

· Total net position	\$ (16,477,163)
· Change in total net position	2,761,535
· Fund balances, governmental funds	6,547,731
· Change in fund balances, governmental funds	408,797
· Unassigned fund balance, general fund	3,429,650
· Change in fund balance, general fund	(76,166)

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, supporting services, food service, community services, technology, and athletics. The District has no business-type activities during the current year.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

## IDA PUBLIC SCHOOLS

### Management's Discussion and Analysis

**Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, technology special revenue fund, and capital projects fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The District adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements have been provided for the general fund and technology special revenue fund herein to demonstrate compliance with those budgets.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This is limited to this management's discussion and analysis and the schedules for the Michigan Public Schools Employees' Retirement System (MPSERS) pension and other postemployment benefit plans immediately following the notes to the financial statements. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

# IDA PUBLIC SCHOOLS

## Management's Discussion and Analysis

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The District reported a deficit net position of \$16,477,163 at the close of the most recent fiscal year.

Of the District's net position, \$3,532,515 reflects its investment in capital assets (e.g., land, land improvements, buildings and improvements, machinery and equipment, transportation equipment, software, and leased equipment) net of related debt. The District uses these capital assets to provide services to the students it serves; consequently, these assets are not available for future spending.

	Net Position	
	Governmental Activities	
	2022	2021
<b>Assets</b>		
Current and other assets	\$ 8,871,956	\$ 8,080,906
Capital assets, net	3,553,329	3,301,002
<b>Total assets</b>	<u>12,425,285</u>	<u>11,381,908</u>
<b>Deferred outflows of resources</b>	<u>6,559,397</u>	<u>8,492,950</u>
<b>Liabilities</b>		
Current and other liabilities	23,549,062	34,840,085
Long-term debt	91,732	105,370
<b>Total liabilities</b>	<u>23,640,794</u>	<u>34,945,455</u>
<b>Deferred inflows of resources</b>	<u>11,821,051</u>	<u>4,168,101</u>
<b>Net position</b>		
Net investment in capital assets	3,532,515	3,272,382
Restricted	1,717,942	1,293,732
Unrestricted (deficit)	(21,727,620)	(23,804,812)
<b>Total net position</b>	<u>\$ (16,477,163)</u>	<u>\$ (19,238,698)</u>

An additional portion of the District's net position, \$1,717,942 represents resources that are subject to external restrictions on how they may be used. The remaining balance represents unrestricted net position, which has a negative balance of \$21,727,620.

The net deficit of \$16,477,163 of governmental activities represents accumulated results of all past years' operations. The operating results of the general fund and the requirement to show the District's proportionate share of the MPERS net pension and other postemployment benefit liabilities will have a significant impact on the change in unrestricted net position from year to year.

# IDA PUBLIC SCHOOLS

## Management's Discussion and Analysis

The results of this year's operations for the District as a whole are reported in the statement of activities. Below is a summary of the District's changes in net position for the years ended June 30, 2022 and 2021.

	Change in Net Position	
	Governmental Activities	
	2022	2021
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 209,631	\$ 97,466
Operating grants and contributions	3,313,293	3,074,197
General revenues:		
Property taxes	713,097	658,341
Unrestricted state aid	13,786,515	12,836,428
Unrestricted investment earnings	31,403	12,166
Other	267,300	128,631
<b>Total revenues</b>	<u>18,321,239</u>	<u>16,807,229</u>
<b>Expenses</b>		
Instruction	9,669,651	9,427,538
Supporting services	4,042,728	6,012,280
Food service	800,726	698,344
Community services	6,819	164
Technology	406,736	320,418
Athletics	326,406	303,580
Unallocated depreciation	306,638	304,010
<b>Total expenses</b>	<u>15,559,704</u>	<u>17,066,334</u>
<b>Change in net position</b>	2,761,535	(259,105)
<b>Net position</b>		
Beginning of year	<u>(19,238,698)</u>	<u>(18,979,593)</u>
<b>End of year</b>	<u>\$ (16,477,163)</u>	<u>\$ (19,238,698)</u>

**Governmental Activities.** Governmental activities increased the District's net position by \$2,761,535. Key elements of this change are as follows:

- With the District's management of resources, an increase to Federal revenues, State revenues, and as well as an increase in enrollment resulted in an underspend of revenues for the year.
- A reduction in the District's Proportionate Share of the Net Pension and OPEB liability.
- The use of District Federal and State Grants.

# IDA PUBLIC SCHOOLS

## Management's Discussion and Analysis

### Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

**Governmental Funds.** The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of approximately \$6.5 million, an increase of \$409,000 in comparison with the prior year. 52% of this total amount (approximately \$3.43 million) constitutes unassigned fund balance, which is available for spending at the District's discretion. The remainder of fund balance is nonspendable, restricted, committed, or assigned to indicate that it is not available for new spending because the underlying assets are included in inventory, prepaids or endowments and are not available for current expenditure, or the fund balances are constrained by externally imposed restrictions, or it is constrained by the intent of the Board of Education or management.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was approximately \$3,430,000. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 22% of total general fund expenditures.

The fund balance of the District's general fund decreased by approximately \$76,000 during the current fiscal year. This is primarily attributable to expenditures being over budget due to the extreme uncertainty of the expenditures related to the COVID-19 pandemic and the uncertainty of the market as well as the increase in cost to products.

The fund balance of the District's technology fund decreased by approximately \$43,000 during the current fiscal year. This is primarily attributable to expenditures exceeding revenue during the year. The District had to move a project to this fiscal year due to the supply chain shortages in the prior year. There were also additional purchases that were not made in the preceding years that needed to be addressed in the current fiscal year.

The fund balance of the District's capital projects fund increased by approximately \$1,000 during the current fiscal year. Only the necessary capital improvements were done for the current fiscal year and aligned with our current revenue sources. The District is still seeking a bond initiative and only the necessary improvements will be made in hopes of the bond approval.

### General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted before the 2021-22 year end. A statement showing the District's original and final budget amounts compared with amounts actually paid and received is provided in a separate financial statement as part of the District's basic financial statements.

# IDA PUBLIC SCHOOLS

## Management's Discussion and Analysis

Differences between the original and final amended budgets relate to updates in state funding, grant funding allocations, changes in salaries and benefits costs, and student count for the District. Once this additional information was known, subsequent budget amendments recognized the shifting of revenue sources/additional revenue along with adjusting expenditures in District program budgets that were impacted by the changes.

Budget to actual comparisons for the general fund were generally favorable. Net change in fund balance was \$245,309 more than what was shown in the final amended budget.

Budgeted revenues were increased by approximately \$1.3 million from the original to the final amended budget. Budgeted expenditures were increased by approximately \$838,000 from the original to the final amended budget. For the 2021-22 year, significant budget adjustments to the general fund included:

- A \$589 per pupil increase in foundation allowance.
- Adjustments to all COVID-19 grants revenues and expenditures.
- The State passed through retirement expenses in 147c categorical monies.
- Grant program carryover adjustment for both revenues and expenditures.
- Changes and adjustments in the District staffing.
- Changes in the District coverage for employee insurance census information.

### Capital Asset and Debt Administration

**Capital Assets.** The District's investment in capital assets for its governmental activities as of June 30, 2022, amounted to \$3,553,329 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements, machinery and equipment, transportation equipment, software, and leased equipment. The net increase in the District's investment in capital assets for the current fiscal year was approximately 7.6%.

The major capital asset events during the current fiscal year included the following:

- The purchase of one bus for a total of \$83,164.
- Roof and pavement project totaling \$208,545.
- Replacement equipment (scoreboard, shoot-a-way, leg press, welder, food slicer, and baritone) for \$30,076.
- Upgrades to school facilities (fencing, A/C units, water heater, water line, walk in freezer, fire sprinklers) for \$163,934.
- District technology upgrades (BENQ televisions and A/C unit) for \$81,400.

# IDA PUBLIC SCHOOLS

## Management's Discussion and Analysis

	Capital Assets (Net of Depreciation)	
	2022	2021
Land	\$ 621,145	\$ 621,145
Land improvements	535,863	394,962
Buildings and improvements	1,478,805	1,406,614
Machinery and equipment	558,266	457,208
Transportation equipment	335,237	385,069
Software	2,548	7,384
Leased equipment	21,465	28,620
<b>Total capital assets, net</b>	<b>\$ 3,553,329</b>	<b>\$ 3,301,002</b>

Additional information on the District's capital assets can be found in the notes to the financial statements.

**Long-term Debt.** At the end of the current fiscal year, the District had compensated absences payable of \$91,732.

Additional information on the District's long-term debt can be found in the notes to the financial statements.

### Economic Factors and Next Year's Budget and Rates

Our elected officials and administration considered many factors when setting the District's 2023 fiscal year budget (2022-2023). Two of the most important factors affecting the budget are student count and the level of State funding. Taxes received from the locals are also budgeted and changed during the year as valuations and board of review judgments are received.

Unrestricted state aid revenue is determined by multiplying the blended student count by the foundation allowance per pupil and reducing it by local revenues received. Legislative change to the allowance includes a \$450 per pupil increase. This increase represents a 5.2% increase in the District's main revenue source.

The 2023 fiscal year budget was adopted in June 2022, based on an estimate of students that will be funded for the 2022-23 year (a blended figure is used based on the percentages from the Legislature). Based on projections from our internal analysis, the District previously estimated that their student count would increase in 2022-23 by 17 students. Early enrollment data at the start of the 2022-23 school year indicates that the District has met the expected enrollment projections, prior to mid-year adjustments.



# IDA PUBLIC SCHOOLS

## Management's Discussion and Analysis

The following factors were also considered in preparing the District's budget for the 2022-23 fiscal year:

- The budget for the year ended June 30, 2023, was adopted in June 2022 when there was a high degree of uncertainty related to the funding and operations for districts in the State of Michigan due to the novel coronavirus outbreak (COVID-19). Additional funding has been provided by the State of Michigan through various restricted federal grant programs. Despite this, there continues to be a high degree of uncertainty regarding potential changes to state and federal funding. In addition, the District is continuously evaluating the impacts of the pandemic as it determines the appropriate methods to deliver education to students in a safe environment. These factors will have a significant impact on the operational and financial performance of the District.
- Staffing had some significant changes with five retirements and three new positions.
- Student FTE count of 1,447 blended membership.
- Foundation Allowance of \$9,135, and no other one-time categorical funding.
- Retirement costs increases with additional 147c funding undetermined.
- Projected increases in benefit caps and census changes for insurance expenses.
- The District's open bargaining agreements.
- Updates for currently known grant allocations and funding amounts for programs.

### Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Office, Ida Public Schools, 3145 Prairie Street, Ida, Michigan 48140.

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## **BASIC FINANCIAL STATEMENTS**

# IDA PUBLIC SCHOOLS

## Statement of Net Position

June 30, 2022

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 6,003,376
Receivables	2,834,917
Other assets	33,663
Capital assets not being depreciated	621,145
Capital assets being depreciated, net	<u>2,932,184</u>
<b>Total assets</b>	<u>12,425,285</u>
<b>Deferred outflows of resources</b>	
Deferred pension amounts	4,685,103
Deferred other postemployment benefit amounts	<u>1,874,294</u>
<b>Total deferred outflows of resources</b>	<u>6,559,397</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	2,257,856
Unearned revenue	66,369
Leases payable:	
Due within one year	7,806
Due in more than one year	13,008
Long-term debt:	
Due within one year	44,963
Due in more than one year	46,769
Net pension liability (due in more than one year)	19,910,042
Net other postemployment benefit liability (due in more than one year)	<u>1,293,981</u>
<b>Total liabilities</b>	<u>23,640,794</u>
<b>Deferred inflows of resources</b>	
Deferred pension amounts	6,809,256
Deferred other postemployment benefit amounts	<u>5,011,795</u>
<b>Total deferred inflows of resources</b>	<u>11,821,051</u>
<b>Net position</b>	
Net investment in capital assets	3,532,515
Restricted for:	
Food service	851,705
Technology	860,874
Permanent fund:	
Expendable	363
Non-expendable	5,000
Unrestricted (deficit)	<u>(21,727,620)</u>
<b>Total net position</b>	<u>\$ (16,477,163)</u>

The accompanying notes are an integral part of these financial statements.

# IDA PUBLIC SCHOOLS

## Statement of Activities

For the Year Ended June 30, 2022

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
<b>Governmental activities</b>				
Instruction	\$ 9,669,651	\$ -	\$ 1,515,904	\$ (8,153,747)
Supporting services	4,042,728	-	6	(4,042,722)
Food service	800,726	91,328	1,241,635	532,237
Community services	6,819	13,785	-	6,966
Technology	406,736	-	555,748	149,012
Athletics	326,406	104,518	-	(221,888)
Unallocated depreciation/amortization	306,638	-	-	(306,638)
<b>Total governmental activities</b>	<u>\$ 15,559,704</u>	<u>\$ 209,631</u>	<u>\$ 3,313,293</u>	<u>(12,036,780)</u>
<b>General revenues</b>				
Property taxes				713,097
Unrestricted state aid				13,786,515
Unrestricted investment earnings				31,403
Other				<u>267,300</u>
<b>Total general revenues</b>				<u>14,798,315</u>
<b>Change in net position</b>				2,761,535
Net position, beginning of year				<u>(19,238,698)</u>
<b>Net position, end of year</b>				<u>\$ (16,477,163)</u>

The accompanying notes are an integral part of these financial statements.

## IDA PUBLIC SCHOOLS

### Balance Sheet

Governmental Funds

June 30, 2022

	General	Technology	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 2,912,071	\$ 832,901	\$ 1,045,697	\$ 1,212,707	\$ 6,003,376
Accounts receivable	21,015	200	-	18,508	39,723
Due from other funds	-	49,858	-	3,527	53,385
Due from other governments	2,786,423	4,072	-	4,699	2,795,194
Inventory	19,695	-	-	-	19,695
Prepaid items	13,968	-	-	-	13,968
<b>Total assets</b>	<b>\$ 5,753,172</b>	<b>\$ 887,031</b>	<b>\$ 1,045,697</b>	<b>\$ 1,239,441</b>	<b>\$ 8,925,341</b>
<b>Liabilities</b>					
Accounts payable	\$ 254,610	\$ 22,085	\$ 176,935	\$ 9,794	\$ 463,424
Due to other funds	21,233	-	19,184	12,968	53,385
Accrued salaries payable	917,488	-	-	9,412	926,900
Accrued expenditures	856,908	4,072	-	6,552	867,532
Unearned revenue	49,048	-	-	17,321	66,369
<b>Total liabilities</b>	<b>2,099,287</b>	<b>26,157</b>	<b>196,119</b>	<b>56,047</b>	<b>2,377,610</b>
<b>Fund balances</b>					
Nonspendable:					
Inventory	19,695	-	-	-	19,695
Prepaid items	13,968	-	-	-	13,968
Endowments	-	-	-	5,000	5,000
Restricted for:					
Food service	-	-	-	851,705	851,705
Technology	-	860,874	-	-	860,874
Scholarships	-	-	-	363	363
Committed for:					
Capital projects	-	-	849,578	73,670	923,248
Community recreation	-	-	-	9,363	9,363
Student/school activities	-	-	-	243,293	243,293
Assigned for -					
Subsequent year appropriations	190,572	-	-	-	190,572
Unassigned	3,429,650	-	-	-	3,429,650
<b>Total fund balances</b>	<b>3,653,885</b>	<b>860,874</b>	<b>849,578</b>	<b>1,183,394</b>	<b>6,547,731</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,753,172</b>	<b>\$ 887,031</b>	<b>\$ 1,045,697</b>	<b>\$ 1,239,441</b>	<b>\$ 8,925,341</b>

The accompanying notes are an integral part of these financial statements.

## IDA PUBLIC SCHOOLS

### Reconciliation

Fund Balances of Governmental Funds  
to Net Position of Governmental Activities  
June 30, 2022

<b>Fund balances - total governmental funds</b>	\$ 6,547,731
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the fund statement.	
Capital assets not being depreciated	621,145
Capital assets being depreciated, net	2,932,184
Certain liabilities, such as compensated absences, are not due and payable in the current period, and therefore are not reported in the funds.	
Compensated absences	(91,732)
Leases payable	(20,814)
Certain pension and other postemployment benefit-related amounts, such as the net pension and other postemployment benefit liabilities and deferred amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds.	
Net pension liability	(19,910,042)
Deferred outflows related to the net pension liability	4,685,103
Deferred inflows related to the net pension liability	(6,809,256)
Net other postemployment benefit liability	(1,293,981)
Deferred outflows related to the net other postemployment benefit liability	1,874,294
Deferred inflows related to the net other postemployment benefit liability	<u>(5,011,795)</u>
<b>Net position of governmental activities</b>	<u><u>\$ (16,477,163)</u></u>

The accompanying notes are an integral part of these financial statements.

## IDA PUBLIC SCHOOLS

### Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2022

	General	Technology	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Local sources	\$ 909,449	\$ 336	\$ 6,710	\$ 305,272	\$ 1,221,767
State sources	14,398,093	18,705	-	84,534	14,501,332
Federal sources	353,904	83,210	-	1,092,075	1,529,189
Interdistrict sources and other	488,766	472,067	-	108,112	1,068,945
<b>Total revenues</b>	<b>16,150,212</b>	<b>574,318</b>	<b>6,710</b>	<b>1,589,993</b>	<b>18,321,233</b>
<b>Expenditures</b>					
Current:					
Instruction	9,675,106	-	-	-	9,675,106
Supporting services	5,565,624	-	301,878	151,415	6,018,917
Food service	-	-	-	870,270	870,270
Community services	554	-	-	-	554
Technology	-	527,482	-	-	527,482
Athletics	342,641	-	-	-	342,641
Community recreation	-	-	-	6,265	6,265
Debt service -					
Lease principal	7,806	-	-	-	7,806
Capital outlay	104,070	90,042	224,581	44,702	463,395
<b>Total expenditures</b>	<b>15,695,801</b>	<b>617,524</b>	<b>526,459</b>	<b>1,072,652</b>	<b>17,912,436</b>
Revenues over (under) expenditures	454,411	(43,206)	(519,749)	517,341	408,797
<b>Other financing sources (uses)</b>					
Transfers in	-	-	520,577	10,000	530,577
Transfers out	(530,577)	-	-	-	(530,577)
<b>Total other financing sources (uses)</b>	<b>(530,577)</b>	<b>-</b>	<b>520,577</b>	<b>10,000</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(76,166)</b>	<b>(43,206)</b>	<b>828</b>	<b>527,341</b>	<b>408,797</b>
Fund balances, beginning of year	3,730,051	904,080	848,750	656,053	6,138,934
<b>Fund balances, end of year</b>	<b>\$ 3,653,885</b>	<b>\$ 860,874</b>	<b>\$ 849,578</b>	<b>\$ 1,183,394</b>	<b>\$ 6,547,731</b>

The accompanying notes are an integral part of these financial statements.



## IDA PUBLIC SCHOOLS

### Reconciliation

Net Changes in Fund Balances of Governmental Funds  
to Change in Net Position of Governmental Activities  
For the Year Ended June 30, 2022

**Net change in fund balances - total governmental funds** \$ 408,797

Amounts reported for *governmental activities* in the statement of activities are different because:

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

Capital assets purchased/constructed	566,120
Depreciation/amortization expense	(313,793)

Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal payments on leases payable	7,806
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Change in net pension liability and related deferred amounts	682,304
Change in net other postemployment benefit liability and related deferred amounts	1,396,663
Change in the accrual for compensated absences	13,638

**Change in net position of governmental activities** \$ 2,761,535

The accompanying notes are an integral part of these financial statements.

## IDA PUBLIC SCHOOLS

### Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Local sources	\$ 826,601	\$ 894,978	\$ 909,449	\$ 14,471
State sources	13,411,146	14,422,968	14,398,093	(24,875)
Federal sources	277,982	397,642	353,904	(43,738)
Interdistrict sources and other	430,000	488,767	488,766	(1)
<b>Total revenues</b>	<u>14,945,729</u>	<u>16,204,355</u>	<u>16,150,212</u>	<u>(54,143)</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Basic programs	8,367,471	8,801,240	8,661,327	(139,913)
Added needs	1,037,870	1,054,099	1,013,779	(40,320)
Total instruction	<u>9,405,341</u>	<u>9,855,339</u>	<u>9,675,106</u>	<u>(180,233)</u>
Supporting services:				
Pupil	1,086,287	1,099,483	1,038,737	(60,746)
Instructional services	194,096	195,627	186,677	(8,950)
General administration	430,410	452,197	456,311	4,114
School administration	1,257,690	1,380,975	1,352,901	(28,074)
Business	303,833	332,887	315,286	(17,601)
Operations and maintenance	1,157,745	1,298,189	1,304,867	6,678
Pupil transportation services	901,747	898,477	891,804	(6,673)
Central	15,400	17,555	19,041	1,486
Total supporting services	<u>5,347,208</u>	<u>5,675,390</u>	<u>5,565,624</u>	<u>(109,766)</u>
Community services	-	555	554	(1)
Athletics	<u>312,084</u>	<u>352,854</u>	<u>342,641</u>	<u>(10,213)</u>
Debt service - Lease principal	-	-	7,806	7,806
Capital outlay	<u>95,049</u>	<u>113,115</u>	<u>104,070</u>	<u>(9,045)</u>
<b>Total expenditures</b>	<u>15,159,682</u>	<u>15,997,253</u>	<u>15,695,801</u>	<u>(301,452)</u>
Revenues over (under) expenditures	<u>(213,953)</u>	<u>207,102</u>	<u>454,411</u>	<u>247,309</u>
<b>Other financing sources (uses)</b>				
Proceeds from sale of capital assets	3,500	2,000	-	(2,000)
Transfers out	<u>(502,760)</u>	<u>(530,577)</u>	<u>(530,577)</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>(499,260)</u>	<u>(528,577)</u>	<u>(530,577)</u>	<u>(2,000)</u>
<b>Net change in fund balance</b>	<u>(713,213)</u>	<u>(321,475)</u>	<u>(76,166)</u>	<u>245,309</u>
Fund balance, beginning of year	<u>3,730,051</u>	<u>3,730,051</u>	<u>3,730,051</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 3,016,838</u>	<u>\$ 3,408,576</u>	<u>\$ 3,653,885</u>	<u>\$ 245,309</u>

The accompanying notes are an integral part of these financial statements.

## IDA PUBLIC SCHOOLS

### Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - Technology Fund  
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Local sources	\$ 1,195	\$ 1,195	\$ 336	\$ (859)
State sources	18,092	18,712	18,705	(7)
Federal sources	-	83,210	83,210	-
Interdistrict sources and other	435,000	454,890	472,067	17,177
<b>Total revenues</b>	<u>454,287</u>	<u>558,007</u>	<u>574,318</u>	<u>16,311</u>
<b>Expenditures</b>				
Current -				
Technology	467,326	562,105	527,482	(34,623)
Capital outlay	70,000	95,500	90,042	(5,458)
<b>Total expenditures</b>	<u>537,326</u>	<u>657,605</u>	<u>617,524</u>	<u>(40,081)</u>
<b>Net change in fund balance</b>	(83,039)	(99,598)	(43,206)	56,392
Fund balance, beginning of year	904,080	904,080	904,080	-
<b>Fund balance, end of year</b>	<u>\$ 821,041</u>	<u>\$ 804,482</u>	<u>\$ 860,874</u>	<u>\$ 56,392</u>

The accompanying notes are an integral part of these financial statements.

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## **NOTES TO FINANCIAL STATEMENTS**

# IDA PUBLIC SCHOOLS

## Notes to Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Reporting Entity

Ida Public Schools (the “District”) has followed the guidelines of the Governmental Accounting Standards Board and has determined that no entities should be consolidated into its basic financial statements as component units. Therefore, the reporting entity consists of the primary government financial statements only. The criteria for including a component unit include significant operational or financial relationships with the District.

#### ***Government-wide and Fund Financial Statements***

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District had no business-type activities during the current year.

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 or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

#### ***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

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

# IDA PUBLIC SCHOOLS

## Notes to Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period or within one-year for expenditure driven grants. 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 and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those accounted for and reported in another fund.

The *technology fund* is a special revenue fund used to account for technology projects. Revenues are from intermediate sources related to a technology millage.

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Additionally, the District reports the following fund types:

The *special revenue funds* are used to account and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The *permanent fund* accounts for contributions earmarked for scholarships available to qualifying students of the District.

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

The effect of interfund activity has been eliminated from the government-wide financial statements.

# IDA PUBLIC SCHOOLS

## Notes to Financial Statements

### Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity

#### *Deposits and investments*

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments, if any, are reported at fair value.

#### *Receivables and payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans).

Accounts payable and other payables reflected in the financial statements are based on when the liability is incurred.

#### *Inventory and prepaid items*

Inventory is valued at the lower of cost (first in, first out) or market. The cost is recorded as an expenditure when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items.

#### *Capital assets*

Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,500 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition cost at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and land improvements	50
Machinery and equipment	5-20
Transportation equipment	3-7
Software	5-10



# IDA PUBLIC SCHOOLS

## Notes to Financial Statements

### *Deferred outflows of resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows or resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports deferred outflows related to the net pension and net other postemployment benefit liabilities. A portion of these costs represent contributions to the plan subsequent to the plan measurement date.

### *Compensated absences*

Employees can accumulate compensated absences by not using the number of sick days allotted each year. The maximum number of allowable accumulated sick days varies for employees depending on the capacity in which the District employs him/her. The vested liability for compensated absences is based on a dollar amount multiplied by the number of days accumulated for a maximum of 180 days, by employees who have been employed by the District for 10 or more years. The current portion represents the estimated amount that will be paid to employees in the next fiscal year.

### *Deferred inflows of resources*

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District's deferred inflows of resources are related to pension and other postemployment benefit liabilities.

### *Long-term obligations*

In the government-wide financial statements, long-term obligations are reported as liabilities in the governmental activities statement of net position. Where applicable, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types generally 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 on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

# IDA PUBLIC SCHOOLS

## Notes to Financial Statements

### *Fund equity*

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of the resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority, the Board of Education. A formal resolution of the Board of Education is required to establish, modify or rescind a fund balance commitment. The District reports assigned fund balance for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Education has delegated the authority to assign fund balance to the Superintendent or his/her designee. Unassigned fund balance is the residual classification for the general fund.

When the District incurs an expenditure for purposes for which various fund balance classifications can be used, it is the District's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

### *Pensions and other postemployment benefits*

For purposes of measuring the net pension and other postemployment benefit liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits, and pension and other postemployment benefit expense, information about the fiduciary net position of the plan and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plan. 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.

## 2. BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the general and special revenue funds. All annual appropriations lapse at fiscal year end.

The general and special revenue funds are under formal budgetary control. Budgets shown in the financial statements are adopted on a basis consistent with GAAP, and are not significantly different from the modified accrual basis used to reflect actual results, and consist only of those amounts contained in the formal budget as originally adopted or as amended by the Board of Education. The budgets for the general and special revenue funds are adopted on a functional basis.

# IDA PUBLIC SCHOOLS

## Notes to Financial Statements

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. During the year ended June 30, 2022, the Districted incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	Final Budget	Actual	Over Budget
<b>General fund</b>			
Supporting services:			
General administration	\$ 452,197	\$ 456,311	\$ 4,114
Operations and maintenance	1,298,189	1,304,867	6,678
Central	17,555	19,041	1,486
Debt service -			
Lease principal	-	7,806	7,806

### 3. DEPOSITS AND INVESTMENTS

A reconciliation of cash and investments as shown on the Statement of Net Position follows:

#### Statement of Net Position

Cash and cash equivalents	<u>\$ 6,003,376</u>
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#### Deposits and investments

Bank deposits (checking and savings accounts)	\$ 5,998,376
Certificates of deposit (due in more than one year)	<u>5,000</u>
	<u>\$ 6,003,376</u>

#### Statutory Authority

State statutes authorize the District to invest in:

Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State. In a primary or fourth class school district, the bonds, bills, or notes shall be payable at the option of the holder upon not more than 90 days notice or, if not so payable, shall have maturity dates not more than five years after the purchase dates.

Certificates of deposit insured by a State or national bank, savings accounts of a state or federal savings and loan association, or certificates of deposit or share certificates of a state or federal credit union organized and authorized to operate in this State.

Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.

Securities issued or guaranteed by agencies or instrumentalities of the United States government or federal agency obligation repurchase agreements, and bankers' acceptance issued by a bank that is a member of the federal deposit insurance corporation.

# IDA PUBLIC SCHOOLS

## Notes to Financial Statements

Mutual funds composed entirely of investment vehicles that are legal for direct investment by a school district.

Investment pools, as authorized by the surplus funds investment pool act, composed entirely of instruments that are legal for direct investment by a school district.

*Interest Rate Risk.* State law limits the allowable investments and the maturities of some of the allowable investments as identified in the list of authorized investments above. The District’s investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District had no investments at June 30, 2022.

*Credit Risk.* State law limits investments to specific government securities, certificates of deposits, and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds, and qualified external investment pools as identified in the list of authorized investments above. The District’s investment policy does not have specific limits in excess of state law on investment credit risk. The District had no investments at June 30, 2022.

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned. State law does not require and the District does not have a policy for deposit custodial credit risk. As of year end, \$5,374,950 of the District’s bank balance of \$6,068,472 was exposed to custodial credit risk because it was uninsured and uncollateralized.

*Custodial Credit Risk - Investments.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the District does not have a policy for investment custodial credit risk. The District had no investments at June 30, 2022.

*Concentration of Credit Risk.* State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments above. The District’s investment policy does not have specific limits in excess of state law on concentration of credit risk. The District had no investments at June 30, 2022.

## 4. RECEIVABLES

Accounts receivable as of year end for the District’s major funds and nonmajor funds in the aggregate, were as follows:

	General	Technology	Nonmajor Governmental Funds	Total
Accounts	\$ 21,015	\$ 200	\$ 18,508	\$ 39,723
Due from other governments	2,786,423	4,072	4,699	2,795,194
	<u>\$ 2,807,438</u>	<u>\$ 4,072</u>	<u>\$ 23,207</u>	<u>\$ 2,834,917</u>

# IDA PUBLIC SCHOOLS

## Notes to Financial Statements

### 5. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2022 was as follows:

	Beginning Balance*	Additions	Disposals	Ending Balance
Capital assets not being depreciated - Land	\$ 621,145	\$ -	\$ -	\$ 621,145
Capital assets being depreciated/amortized:				
Land improvements	806,242	160,045	-	966,287
Buildings and improvements	5,498,996	129,013	-	5,628,009
Machinery and equipment	1,362,115	193,898	-	1,556,013
Transportation equipment	2,011,976	83,164	-	2,095,140
Software	26,446	-	-	26,446
Leased equipment	28,620	-	-	28,620
	<u>9,734,395</u>	<u>566,120</u>	<u>-</u>	<u>10,300,515</u>
Less accumulated depreciation/amortization for:				
Land improvements	411,280	19,144	-	430,424
Buildings and improvements	4,092,382	56,822	-	4,149,204
Machinery and equipment	904,907	92,840	-	997,747
Transportation equipment	1,626,907	132,996	-	1,759,903
Software	19,062	4,836	-	23,898
Leased equipment	-	7,155	-	7,155
	<u>7,054,538</u>	<u>313,793</u>	<u>-</u>	<u>7,368,331</u>
Total capital assets being depreciated/amortized, net	<u>2,679,857</u>	<u>252,327</u>	<u>-</u>	<u>2,932,184</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 3,301,002</u>	<u>\$ 252,327</u>	<u>\$ -</u>	<u>\$ 3,553,329</u>

\* The District implemented the provisions of GASB Statement No. 87, *Leases*, in the current year. In accordance with this Statement, leased assets have been added to the beginning balances shown above and a corresponding lease payable has been recorded for the same amount.

Depreciation/amortization expense of \$313,793 was charged to the function "unallocated depreciation/amortization" and not allocated to other functions.

# IDA PUBLIC SCHOOLS

## Notes to Financial Statements

### 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued expenses as of year end for the District's major funds and nonmajor funds in the aggregate, are as follows:

	General	Technology	Capital Projects	Nonmajor Governmental Funds	Total
Accounts payable	\$ 254,610	\$ 22,085	\$ 176,935	\$ 9,794	\$ 463,424
Accrued salaries payable	917,488	-	-	9,412	926,900
Accrued expenditures	856,908	4,072	-	6,552	867,532
	<u>\$ 2,029,006</u>	<u>\$ 26,157</u>	<u>\$ 176,935</u>	<u>\$ 25,758</u>	<u>\$ 2,257,856</u>

### 7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

For the year ending June 30, 2022, interfund receivables/payables consisted of the following:

	Due From	Due To
General fund	\$ -	\$ 21,233
Technology fund	49,858	-
Capital projects fund	-	19,184
Nonmajor governmental funds	3,527	12,968
	<u>\$ 53,385</u>	<u>\$ 53,385</u>

The District often reports interfund balances between many of its funds. These interfund balances result primarily from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

For the year ending June 30, 2022, interfund transfers consisted of the following:

	Transfers in	Transfers out
General fund	\$ -	\$ 530,577
Capital projects fund	520,577	-
Nonmajor governmental funds	10,000	-
	<u>\$ 530,577</u>	<u>\$ 530,577</u>

# IDA PUBLIC SCHOOLS

## Notes to Financial Statements

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

For the year ended June 30, 2022, the District transferred funds from the general fund to subsidize capital project expenditures in both the Capital Projects and Track Construction funds.

### 8. LONG-TERM DEBT

*Changes in Long-term Debt.* Long-term liability activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Compensated absences	\$ 105,370	\$ 33,862	\$ (47,500)	\$ 91,732	\$ 44,963

Compensated absences are generally liquidated by the general fund.

### 9. LEASES PAYABLE

The District is involved in one agreement as a lessee that qualifies as a long-term lease agreement. Below is a summary of the nature of this agreement. This agreement qualifies as an intangible, right-to-use asset and not a financed purchase, as the District will not own the asset at the end of the contract term and the noncancelable term of the agreement surpasses one year.

#### Remaining Term of Agreements

<b>Asset Type</b>	
Equipment	3 years

The assets acquired through leases in governmental activities are summarized as follows:

Equipment	\$ 28,620
Less accumulated amortization	<u>(7,155)</u>
<b>Net book value</b>	<u>\$ 21,465</u>

# IDA PUBLIC SCHOOLS

## Notes to Financial Statements

The net present value of future minimum payments as of June 30, 2022, were as follows:

Year Ended June 30,	Principal	Interest
2023	\$ 7,806	\$ 2,474
2024	7,806	2,474
2025	5,202	1,650
<b>Total</b>	<u>\$ 20,814</u>	<u>\$ 6,598</u>

Lease liability activity for the year ended June 30, 2022, was as follows:

	Beginning Balance *	Additions	Deductions	Ending Balance	Due Within One Year
Leases payable	\$ 28,620	\$ -	\$ (7,806)	\$ 20,814	\$ 7,806

\* The District implemented the provisions of GASB Statement No. 87, *Leases*, in the current year. In accordance with this Statement, leases payable have been added to the beginning balances shown above and a corresponding lease asset has been recorded for the same amount.

## 10. RISK MANAGEMENT

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

The shared-risk pool program in which the District participates operates as a common risk-sharing management program for school districts in Michigan, covering property, casualty and worker disability claims; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

## 11. PROPERTY TAXES

Property taxes levied by the District are collected by the Townships of Bedford, Dundee, Ida, Lasalle, Monroe, and Raisinville and periodically remitted to the District. The taxes are levied and become a lien as of July 1 and December 1 and are due upon receipt of the billing by the taxpayer. The actual due dates are September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.



# IDA PUBLIC SCHOOLS

## Notes to Financial Statements

### 12. PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS

#### *Plan Description*

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

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

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

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

#### *Pension 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% to 1.50%. 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 member plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account if applicable. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

## IDA PUBLIC SCHOOLS

### Notes to Financial Statements

Participants in the defined contribution plan consist of one of the following: (1) members who worked for a Michigan public school on or after September 4, 2012 and elected to be enrolled in the defined contribution plan; (2) members who elected to transfer from the defined benefit plan to the defined contribution plan under the reform (P.A. 300) of 2012; or (3) members who worked for a Michigan public school on or after February 1, 2018 and did not elect participation in the Pension Plus 2 plan. Members who worked for a Michigan public school on or after September 4, 2012 and elected to be enrolled in the defined contribution plan receive a 100% match of the member contribution rate up to a maximum of 3% based on the member's gross earnings. Additionally, there is a mandatory employer contribution of 4% of the member's gross earnings for MPSERS members who elected to convert from a Basic or MIP benefit plan to the defined contribution benefit plan. Members electing the Pension Plus or Pension Plus 2 benefit plan receive a 50% match of the member's contribution percent up to a maximum of 1% based on the member's gross earnings. Effective October 1, 2017, there is a mandatory employer contribution of 4% of the member's gross earnings for members who elect the Defined Contribution benefit plan. The employer must match 100% of the employee contribution for any member who elected the Personal Healthcare Fund up to a maximum of 2% of the member's gross earnings. For all members with a Personal Health Care Fund (PHF), the first 2% of DC contributions must go into the PHF and must be matched 100% by the employer.

#### ***Other Postemployment 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.

# IDA PUBLIC SCHOOLS

## Notes to Financial Statements

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

The table below summarizes pension contribution rates in effect for fiscal year 2022:

Benefit Structure	Member Rates	Employer Rates
Basic	0.00% - 4.00%	19.78% - 20.14%
Member Investment Plan (MIP)	3.00% - 7.00%	19.78% - 20.14%
Pension Plus	3.00% - 6.40%	16.82% - 17.22%
Pension Plus 2	6.20%	19.59% - 19.93%
Defined Contribution	0.00%	13.39% - 13.73%

For the year ended June 30, 2022, required and actual contributions from the District to the pension plan were \$2,847,224, which included \$1,282,357, the amount received from the State and remitted to the System to fund the MPSERS unfunded actuarial accrued liability ("UAAL") stabilization rate.

# IDA PUBLIC SCHOOLS

## Notes to Financial Statements

The table below summarizes OPEB contribution rates in effect for fiscal year 2022:

Benefit Structure	Member Rates	Employer Rates
Premium Subsidy	3.00%	8.09% - 8.43%
Personal Healthcare Fund (PHF)	0.00%	7.23% - 7.57%

For the year ended June 30, 2022, required and actual contributions from the District to the OPEB plan were \$648,291.

The table below summarizes defined contribution rates in effect for fiscal year 2022:

Benefit Structure	Member Rates	Employer Rates
Defined Contribution	0.00% - 3.00%	0.00% - 7.00%
Personal Healthcare Fund (PHF)	0.00% - 2.00%	0.00% - 2.00%

For the year ended June 30, 2022, required and actual contributions from the District for those members with a defined contribution benefit were \$119,257.

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

At June 30, 2022, the District reported a liability of \$19,910,042 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2020. The District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2021, the District's proportion was 0.08410%, which was an increase of 0.00146% from its proportion measured as of September 30, 2020.

## IDA PUBLIC SCHOOLS

### Notes to Financial Statements

For the year ended June 30, 2022, the District recognized pension expense of \$2,150,843. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ 308,415	\$ 117,246	\$ 191,169
Changes in assumptions	1,255,058	-	1,255,058
Net difference between projected and actual earnings on pension plan investments	-	6,401,014	(6,401,014)
Changes in proportion and differences between employer contributions and proportionate share of contributions	463,769	290,996	172,773
	<u>2,027,242</u>	<u>6,809,256</u>	<u>(4,782,014)</u>
District contributions subsequent to the measurement date	2,657,861	-	2,657,861
	<u>2,657,861</u>	<u>-</u>	<u>2,657,861</u>
<b>Total</b>	<u>\$ 4,685,103</u>	<u>\$ 6,809,256</u>	<u>\$ (2,124,153)</u>

The \$2,657,861 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2022	\$ (608,857)
2023	(1,049,229)
2024	(1,434,749)
2025	<u>(1,689,179)</u>
<b>Total</b>	<u>\$ (4,782,014)</u>

## IDA PUBLIC SCHOOLS

### Notes to Financial Statements

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

At June 30, 2022, the District reported a liability of \$1,293,981 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2020. The District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2021, the District's proportion was 0.08477% which was an increase of 0.00114% from its proportion measured as of September 30, 2020.

For the year ended June 30, 2022, the District recognized OPEB expense of \$(755,422). At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ -	\$ 3,693,575	\$ (3,693,575)
Changes in assumptions	1,081,704	161,863	919,841
Net difference between projected and actual earnings on OPEB plan investments	-	975,296	(975,296)
Changes in proportion and differences between employer contributions and proportionate share of contributions	227,880	181,061	46,819
	<u>1,309,584</u>	<u>5,011,795</u>	<u>(3,702,211)</u>
District contributions subsequent to the measurement date	564,710	-	564,710
	<u>564,710</u>	<u>-</u>	<u>564,710</u>
<b>Total</b>	<u>\$ 1,874,294</u>	<u>\$ 5,011,795</u>	<u>\$ (3,137,501)</u>

# IDA PUBLIC SCHOOLS

## Notes to Financial Statements

The \$564,710 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Amount
2023	\$ (1,007,587)
2024	(907,079)
2025	(793,823)
2026	(710,823)
2027	(250,092)
Thereafter	<u>(32,807)</u>
<b>Total</b>	<u><u>\$ (3,702,211)</u></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. The total pension and OPEB liabilities in the September 30, 2020 actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age, normal
Wage inflation rate	2.75%
Investment rate of return:	
MIP and Basic plans (non-hybrid)	6.80%
Pension Plus plan (hybrid)	6.80%
Pension Plus 2 plan (hybrid)	6.00%
OPEB plans	6.95%
Projected salary increases	2.75% - 11.55%, including wage inflation at 2.75%
Cost of living adjustments	3% annual non-compounded for MIP members
Healthcare cost trend rate	7.75% Year 1 graded to 3.5% Year 15; 3.0% Year 120
Mortality	RP-2014 Male and Female Employee Annuitant Mortality Tables, adjusted for mortality improvements using projection scale MP-2017 from 2006. For retirees, the tables were scaled by 82% for males and 78% for females. For active members, 100% of the table rates were used for both males and females.
Other OPEB 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.

# IDA PUBLIC SCHOOLS

## Notes to Financial Statements

Survivor coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree’s death.
Coverage election at retirement	75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2017 valuation. The total pension and OPEB liabilities as of September 30, 2021, are based on the results of an actuarial valuation date of September 30, 2020, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.4367 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 6.1312 years which is the average of the expected remaining service lives of all employees. The recognition period for assets is 5 years.

### *Long-term Expected Return on Pension Plan Assets*

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	25.00%	5.09%	1.27%
Private equity pools	16.00%	8.58%	1.37%
International equity pools	15.00%	7.08%	1.06%
Fixed income pools	10.50%	-0.73%	-0.08%
Real estate and infrastructure pools	10.00%	5.12%	0.51%
Absolute return pools	9.00%	2.42%	0.22%
	12.50%	5.73%	0.72%
Short-term investment pools	2.00%	-1.29%	-0.03%
	<u>100.00%</u>		5.04%
Inflation			2.00%
Risk adjustment			<u>-0.24%</u>
Investment rate of return			<u>6.80%</u>



# IDA PUBLIC SCHOOLS

## Notes to Financial Statements

### *Long-term Expected Return on OPEB Plan Assets*

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	25.00%	5.09%	1.27%
Private equity pools	16.00%	8.58%	1.37%
International equity pools	15.00%	7.08%	1.06%
Fixed income pools	10.50%	-0.73%	-0.08%
Real estate and infrastructure pools	10.00%	5.12%	0.51%
Absolute return pools	9.00%	2.42%	0.22%
Real return/opportunistic pools	12.50%	5.73%	0.72%
Short-term investment pools	2.00%	-1.29%	-0.03%
	100.00%		5.04%
Inflation			2.00%
Risk adjustment			-0.09%
<b>Investment rate of return</b>			<b>6.95%</b>

### *Rate of Return*

For the fiscal year ended September 30, 2021, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 27.30% and 27.14%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

# IDA PUBLIC SCHOOLS

## Notes to Financial Statements

### *Discount Rate*

A discount rate of 6.80% was used to measure the total pension liability (6.80% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan, both of which are hybrid plans provided through non-university employers only) and a discount rate of 6.95% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on pension and OPEB plan investments of 6.80% (6.80% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan) and 6.95%, respectively. The projection of cash flows used to determine these discount rates 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 and 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 pension and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.80% (6.80% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan), as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

	<b>1% Decrease (5.80% / 5.80% / 5.00%)</b>	<b>Current Discount Rate (6.80% / 6.80% / 6.00%)</b>	<b>1% Increase (7.80% / 7.80% / 7.00%)</b>
District's proportionate share of the net pension liability	\$ 28,465,960	\$ 19,910,042	\$ 12,816,624

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

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

	<b>1% Decrease (5.95%)</b>	<b>Current Discount Rate (6.95%)</b>	<b>1% Increase (7.95%)</b>
District's proportionate share of the net OPEB liability	\$ 2,404,449	\$ 1,293,981	\$ 351,589

# IDA PUBLIC SCHOOLS

## Notes to Financial Statements

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

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

	<b>1% Decrease (6.00%)</b>	<b>Current Healthcare Cost Trend Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
District's proportionate share of the net OPEB liability	\$ 314,945	\$ 1,293,981	\$ 2,395,514

### *Pension and OPEB Plans Fiduciary Net Position*

Detailed information about the pension and OPEB plan's fiduciary net position is available in the separately issued MPSERS financial statements available on the State of Michigan Office of Retirement Services website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

#### *Payable to the Pension Plan*

At June 30, 2022, the District reported a payable of \$396,222 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2022.

#### *Payable to the OPEB Plan*

At June 30, 2022, the District reported a payable of \$65,460 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2022.

## 13. CONTINGENCIES

Under the terms of various Federal and State grants and regulatory requirements, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants and requirements. Such audits could lead to reimbursement to the grantor or regulatory agencies. However, management does not believe such disallowances, if any, will be material to the financial position of the District.

As is the case with other entities, the District faces exposure from potential claims and legal proceedings involving environmental matters. No such claims or proceedings have been asserted as of June 30, 2022.

# IDA PUBLIC SCHOOLS

## Notes to Financial Statements

### 14. NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of June 30, 2022 was as follows:

Capital assets, net	\$ 3,553,329
Leases payable	<u>(20,814)</u>
<b>Net investment in capital assets</b>	<b><u>\$ 3,532,515</u></b>

### 15. CORONAVIRUS (COVID-19)

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. While the pandemic has resulted in an increase in the demands on the District to deliver education to students in a safe environment, the Federal Government has also provided significant resources to help mitigate the impacts of COVID-19. Over the past two years, the District has been awarded funds from various sources to be used to respond to the impacts of the COVID-19 pandemic. Of the amount awarded, approximately \$266,000 was expended and recognized as revenue during the current fiscal year. With these additional Federal resources, at this time management does not believe that the negative financial impact of the pandemic, if any, would be material to the District.



## **REQUIRED SUPPLEMENTARY INFORMATION**

## IDA PUBLIC SCHOOLS

### Required Supplementary Information

#### MPSERS Cost-Sharing Multiple-Employer Plan

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

	Year Ended June 30,		
	2022	2021	2020
District's proportionate share of the net pension liability	\$ 19,910,042	\$ 28,389,082	\$ 27,095,026
District's proportion of the net pension liability	0.08410%	0.08264%	0.08182%
District's covered payroll	\$ 7,640,543	\$ 7,395,275	\$ 7,065,175
District's proportionate share of the net pension liability as a percentage of its covered payroll	260.58%	383.88%	383.50%
Plan fiduciary net position as a percentage of the total pension liability	72.60%	59.72%	60.31%

See notes to required supplementary information.



Year Ended June 30,				
2019	2018	2017	2016	2015
\$ 25,306,569	\$ 22,180,176	\$ 21,149,294	\$ 19,867,402	\$ 17,800,774
0.08418%	0.08559%	0.08477%	0.08134%	0.08082%
\$ 7,077,133	\$ 7,146,517	\$ 7,291,507	\$ 6,791,702	\$ 6,881,132
357.58%	310.36%	290.05%	292.52%	258.69%
62.36%	64.21%	63.27%	63.17%	66.20%

## IDA PUBLIC SCHOOLS

### Required Supplementary Information

MPSERS Cost-Sharing Multiple Employer Plan  
Schedule of the District's Pension Contributions

	Year Ended June 30,		
	2022	2021	2020
Statutorily required contribution	\$ 2,847,224	\$ 2,534,147	\$ 2,254,109
Contributions in relation to the statutorily required contribution	<u>(2,847,224)</u>	<u>(2,534,147)</u>	<u>(2,254,109)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 8,428,045	\$ 7,643,531	\$ 7,380,355
Contributions as a percentage of covered payroll	33.78%	33.15%	30.54%

See notes to required supplementary information.





Year Ended June 30,				
2019	2018	2017	2016	2015
\$ 2,172,726	\$ 2,302,902	\$ 2,010,231	\$ 1,878,044	\$ 1,539,226
<u>(2,172,726)</u>	<u>(2,302,902)</u>	<u>(2,010,231)</u>	<u>(1,878,044)</u>	<u>(1,539,226)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,099,173	\$ 7,075,566	\$ 7,141,108	\$ 7,052,931	\$ 6,769,076
30.61%	32.55%	28.15%	26.63%	22.74%

## IDA PUBLIC SCHOOLS

### Required Supplementary Information

MPSERS Cost-Sharing Multiple Employer Plan

Schedule of the District's Proportionate Share of the Net Other Postemployment Benefit Liability

	Year Ended June 30,				
	2022	2021	2020	2019	2018
District's proportionate share of the net OPEB liability	\$ 1,293,981	\$ 4,480,411	\$ 5,811,563	\$ 6,608,053	\$ 7,594,203
District's proportion of the net OPEB liability	0.08477%	0.08363%	0.08097%	0.08313%	0.08576%
District's covered payroll	\$ 7,640,543	\$ 7,395,275	\$ 7,065,175	\$ 7,077,133	\$ 7,146,517
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	16.94%	60.58%	82.26%	93.37%	106.26%
Plan fiduciary net position as a percentage of the total OPEB liability	87.33%	59.44%	48.46%	42.95%	36.39%

See notes to required supplementary information.

## IDA PUBLIC SCHOOLS

### Required Supplementary Information

MPSERS Cost-Sharing Multiple Employer Plan

Schedule of the District's Other Postemployment Benefit Contributions

	Year Ended June 30,				
	2022	2021	2020	2019	2018
Statutorily required contribution	\$ 648,291	\$ 633,819	\$ 590,056	\$ 548,572	\$ 523,720
Contributions in relation to the statutorily required contribution	(648,291)	(633,819)	(590,056)	(548,572)	(523,720)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 8,428,045	\$ 7,643,531	\$ 7,380,355	\$ 7,099,173	\$ 7,075,566
Contributions as a percentage of covered payroll	7.69%	8.29%	7.99%	7.73%	7.40%

See notes to required supplementary information.

# IDA PUBLIC SCHOOLS

## Notes to Required Supplementary Information

### Pension Information

GASB 68 was implemented in fiscal year 2015. The pension plan schedules are being built prospectively. Ultimately, 10 years of data will be presented.

The amounts presented in the schedule of the District's Proportionate Share of the Net Pension Liability were determined as of September 30 of the preceding year (the plan year).

The significant changes in assumptions for each of the fiscal years ended June 30 were as follows:

- 2022 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%.
- 2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%.
- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.80% for the MIP and Basic plans, 6.80% for the Pension Plus Plan, and 6.00% for the Pension Plus 2 Plan.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.05% for the MIP and Basic plans, 7.00% for the Pension Plus plan, and 6.00% for the Pension Plus 2 plan.
- 2018 - The discount rate used in the September 30, 2016 actuarial valuation decreased to 7.50% for the MIP and Basic plans and 7.00% for the Pension Plus plan.

### OPEB Information

GASB 75 was implemented in fiscal year 2018. The OPEB plan schedules are being built prospectively. Ultimately, 10 years of data will be presented.

The amounts presented in the schedule of the District's Proportionate Share of the Net OPEB Liability were determined as of September 30 of the preceding year (the plan year).

The significant changes in assumptions for each of the fiscal years ended June 30 were as follows:

- 2022 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%. The healthcare cost trend rate used in the September 30, 2020 actuarial valuation increased to 7.75%.
- 2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%. The healthcare cost trend rate used in the September 30, 2019 actuarial valuation decreased to 7.0%.
- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.95%.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.15%.

**COMBINING FUND  
FINANCIAL STATEMENTS**

# IDA PUBLIC SCHOOLS

## Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2022

	Special Revenue		
	Food Service	Community Recreation	Student Activities
<b>Assets</b>			
Cash and cash equivalents	\$ 877,015	\$ 5,836	\$ 250,823
Accounts receivable	18,508	-	-
Due from other funds	-	3,527	-
Due from other governments	4,432	-	267
<b>Total assets</b>	<b>\$ 899,955</b>	<b>\$ 9,363</b>	<b>\$ 251,090</b>
<b>Liabilities</b>			
Accounts payable	\$ 3,588	\$ -	\$ 6,206
Due to other funds	12,968	-	-
Accrued salaries payable	8,182	-	1,230
Accrued expenditures	6,191	-	361
Unearned revenue	17,321	-	-
<b>Total liabilities</b>	<b>48,250</b>	<b>-</b>	<b>7,797</b>
<b>Fund balances</b>			
Nonspendable -			
Endowments	-	-	-
Restricted for:			
Food service	851,705	-	-
Scholarships	-	-	-
Committed for:			
Capital projects	-	-	-
Community recreation	-	9,363	-
Student/school activities	-	-	243,293
<b>Total fund balances</b>	<b>851,705</b>	<b>9,363</b>	<b>243,293</b>
<b>Total liabilities and fund balances</b>	<b>\$ 899,955</b>	<b>\$ 9,363</b>	<b>\$ 251,090</b>



Capital Projects	Permanent	Total Nonmajor
Track Construction	Scholarships	Governmental Funds
\$ 73,670	\$ 5,363	\$ 1,212,707
-	-	18,508
-	-	3,527
-	-	4,699
<u>\$ 73,670</u>	<u>\$ 5,363</u>	<u>\$ 1,239,441</u>
\$ -	\$ -	\$ 9,794
-	-	12,968
-	-	9,412
-	-	6,552
-	-	17,321
<u>-</u>	<u>-</u>	<u>56,047</u>
-	5,000	5,000
-	-	851,705
-	363	363
73,670	-	73,670
-	-	9,363
-	-	243,293
<u>73,670</u>	<u>5,363</u>	<u>1,183,394</u>
<u>\$ 73,670</u>	<u>\$ 5,363</u>	<u>\$ 1,239,441</u>

## IDA PUBLIC SCHOOLS

### Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds For the Year Ended June 30, 2022

	Special Revenue		
	Food Service	Community Recreation	Student Activities
<b>Revenues</b>			
Local sources	\$ 91,328	\$ 13,785	\$ 200,159
State sources	84,267	-	267
Federal sources	1,092,075	-	-
Interdistrict sources and other	108,112	-	-
<b>Total revenues</b>	<u>1,375,782</u>	<u>13,785</u>	<u>200,426</u>
<b>Expenditures</b>			
Current:			
Supporting services	-	-	151,171
Food service	870,270	-	-
Community recreation	-	6,265	-
Capital outlay	37,852	6,850	-
<b>Total expenditures</b>	<u>908,122</u>	<u>13,115</u>	<u>151,171</u>
Revenues over (under) expenditures	467,660	670	49,255
<b>Other financing sources</b>			
Transfers in	-	-	-
<b>Net change in fund balances</b>	467,660	670	49,255
Fund balances, beginning of year	<u>384,045</u>	<u>8,693</u>	<u>194,038</u>
<b>Fund balances, end of year</b>	<u>\$ 851,705</u>	<u>\$ 9,363</u>	<u>\$ 243,293</u>





<b>Capital Projects</b>	<b>Permanent</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Track Construction</b>	<b>Scholarships</b>	
\$ -	\$ -	\$ 305,272
-	-	84,534
-	-	1,092,075
-	-	108,112
<hr/>		
-	-	1,589,993
<hr/>		
-	244	151,415
-	-	870,270
-	-	6,265
-	-	44,702
<hr/>		
-	244	1,072,652
<hr/>		
-	(244)	517,341
<hr/>		
10,000	-	10,000
<hr/>		
10,000	(244)	527,341
<hr/>		
63,670	5,607	656,053
<hr/>		
<u>\$ 73,670</u>	<u>\$ 5,363</u>	<u>\$ 1,183,394</u>

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## **SINGLE AUDIT ACT COMPLIANCE**

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INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY THE UNIFORM GUIDANCE

October 21, 2022

Board of Education  
Ida Public Schools  
Ida, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Ida Public Schools** (the "District") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated October 21, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 schedule of expenditure of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Rehmann Lobson LLC*



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## IDA PUBLIC SCHOOLS

### Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2022

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-Through Grantor's Number	Approved Award/Grant Amount
<b>U.S. Department of Agriculture</b>				
Child Nutrition Cluster:				
School Breakfast Program - Seamless				
Summer Option:				
2020-2021 School Breakfast	10.553	MDE	211971	\$ 21,377
2021-2022 School Breakfast	10.553	MDE	221971	255,339
National School Lunch Program:				
Entitlement Commodities (non-cash assistance)	10.555	MDE	-n/a-	46,557
Food Service Supply Chain	10.555	MDE	220910	30,547
Seamless Summer Option:				
2020-2021 School Lunch	10.555	MDE	211961	67,638
2021-2022 School Lunch	10.555	MDE	221961	656,103
Extended Summer Food Service Program for Children	10.559	MDE	210904	570,183
Total Child Nutrition Cluster				
COVID-19 - Pandemic EBT for Administrative Costs	10.649	MDE	210980-2021	614
<b>Total U.S. Department of Agriculture</b>				
<b>U.S. Department of Transportation</b>				
Highway Planning and Construction Cluster -				
Safe Routes to School	20.205	MFF	2017087	19,000
<b>Federal Communications Commission</b>				
Universal Service Fund - Schools and Libraries	32.004	USAC	-n/a-	85,591
<b>U.S. Department of Education</b>				
Grants to Local Educational Agencies:				
Title I, Part A - Improving Basic Programs				
2020-2021	84.010	MDE	211530-2021	38,763
2020-2021 Carryover	84.010	MDE	211530-2021	1,706
2021-2022	84.010	MDE	221530-2122	58,257
Education for Homeless Children and Youth	84.196A	MISD	212320-2021	266



(Memo Only) Prior Years Expenditures	Accrued (Unearned) Revenue at July 1, 2021	Current Year Receipts	Current Year Expenditures	Accrued (Unearned) Revenue at June 30, 2022
\$ -	\$ -	\$ 21,377	\$ 21,377	\$ -
-	-	255,339	255,339	-
-	-	276,716	276,716	-
-	-	46,557	46,557	-
-	-	30,547	30,547	-
-	-	67,638	67,638	-
-	-	656,103	656,103	-
-	-	800,845	800,845	-
555,669	40,612	55,126	14,514	-
555,669	40,612	1,132,687	1,092,075	-
-	-	614	614	-
555,669	40,612	1,133,301	1,092,689	-
16,317	6,764	8,364	1,600	-
2,381	-	83,210	83,210	-
36,557	12,669	12,669	-	-
-	-	1,706	1,706	-
-	-	26,996	55,427	28,431
36,557	12,669	41,371	57,133	28,431
179	179	179	87	87

continued...

# IDA PUBLIC SCHOOLS

## Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2022

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-Through Grantor's Number	Approved Award/Grant Amount
<b>U.S. Department of Education (continued)</b>				
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants) - Title II, Part A - Improving Teacher Quality:				
2020-2021	84.367A	MDE	210520-2021	\$ 29,487
2020-2021 Carryover	84.367A	MDE	210520-2021	1,843
2021-2022	84.367A	MDE	220520-2122	39,338
Student Support and Academic Enrichment Program - Title IV, Part A:				
2020-2021 Enrichment Program	84.424A	MDE	210750-2021	10,000
2021-2022 Enrichment Program	84.424A	MDE	220750-2122	10,000
COVID-19 - Education Stabilization Fund: Governor's Education Emergency Relief Fund GEER II Teacher Support and Staff Payments Elementary and Secondary School Emergency Relief (ESSER) Fund:				
ESSER Formula I	84.425D	MDE	203710-1920	53,818
ESSER Formula II	84.425D	MDE	213712-2021	120,210
ARP/ESSER Formula III	84.425U	MDE	213713-2122	270,165
Section 11t Equalization	84.425U	MDE	213723-2122	1,295,525
ESSER Summer 23(b) 2A	84.425D	MDE	213722	74,250
ESSER Summer 23(b) 2B	84.425D	MDE	213742	17,600
ESSER Summer 23(b) 2C	84.425D	MDE	213752	11,141
ESSER Benchmark Assessments	84.425D	MDE	213762	12,850
<b>Total U.S. Department of Education</b>				
<b>U.S. Department of Health and Human Services</b>				
Medicaid Cluster - Medical Assistance Program	93.778	MISD	-n/a-	6,043
<b>Total Federal Financial Assistance</b>				

See notes to schedule of expenditures of federal awards.

(Memo Only) Prior Years Expenditures	Accrued (Unearned) Revenue at July 1, 2021	Current Year Receipts	Current Year Expenditures	Accrued (Unearned) Revenue at June 30, 2022
\$ 11,030	\$ 3,584	\$ 3,584	\$ -	\$ -
-	-	1,843	1,843	-
-	-	2,773	13,546	10,773
<u>11,030</u>	<u>3,584</u>	<u>8,200</u>	<u>15,389</u>	<u>10,773</u>
10,000	2,201	2,201	-	-
-	-	5,788	8,093	2,305
<u>10,000</u>	<u>2,201</u>	<u>7,989</u>	<u>8,093</u>	<u>2,305</u>
-	-	11,500	11,500	-
53,818	8,074	8,074	-	-
3,376	3,376	55,662	85,143	32,857
-	-	-	91,955	91,955
-	-	-	1,461	1,461
-	-	34,755	43,774	9,019
-	-	4,439	7,121	2,682
-	-	-	11,141	11,141
-	-	-	12,850	12,850
<u>57,194</u>	<u>11,450</u>	<u>114,430</u>	<u>264,945</u>	<u>161,965</u>
<u>114,960</u>	<u>30,083</u>	<u>172,169</u>	<u>345,647</u>	<u>203,561</u>
-	-	6,043	6,043	-
<u>\$ 689,327</u>	<u>\$ 77,459</u>	<u>\$ 1,403,087</u>	<u>\$ 1,529,189</u>	<u>\$ 203,561</u>

concluded.

# IDA PUBLIC SCHOOLS

## Notes to Schedule of Expenditures of Federal Awards

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Ida Public Schools (the "District") under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is described in Note 1 to the District's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance or other applicable guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

Cash received is recorded on the cash basis; expenditures are recorded on the modified accrual basis of accounting. Revenues are recognized when the qualifying expenditures have been incurred and all grant requirements have been met.

The Schedule has been arranged to provide information on both actual cash received and the revenue recognized. Accordingly, the effects of accruals of accounts receivable, unearned revenue, and accounts payable items at both the beginning and end of the fiscal year have been reported.

Expenditures are in agreement with amounts reported in the financial statements and the financial reports. The amounts reported on the Grant Auditor Report reconcile with this Schedule.

### 2. 10% DE MINIMIS COST RATE

For purposes of charging indirect costs to federal awards, the District has not elected to use the 10 percent de minimis cost rate as permitted by §200.414 of the Uniform Guidance.

# IDA PUBLIC SCHOOLS

## Notes to Schedule of Expenditures of Federal Awards

### 3. PASS-THROUGH AGENCIES

The District receives certain federal grants as subawards from non-federal entities. Pass-through entities, where applicable, have been identified in the Schedule with an abbreviation, defined as follows:

<b>Pass-through Agency Abbreviation</b>	<b>Pass-through Agency Name</b>
MDE	Michigan Department of Education
MFF	Michigan Fitness Foundation
MISD	Monroe Intermediate School District
USAC	Universal Service Administrative Company



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

October 21, 2022

Board of Education  
Ida Public Schools  
Ida, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Ida Public Schools** (the "District"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 21, 2022.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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



## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

A handwritten signature in black ink that reads "Rehmann Lobson LLC". The signature is written in a cursive style with a large, stylized 'R' at the beginning.



## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

October 21, 2022

Board of Education  
Ida Public Schools  
Ida, Michigan

### Report on Compliance for the Major Federal Program

#### *Opinion on the Major Federal Program*

We have audited the compliance of **Ida Public Schools** (the "District") with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2022. The District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

#### *Basis for Opinion on the Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Independent Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for its major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.



### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

### ***Independent Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Independent Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

### ***Purpose of this Report***

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

*Rehmann Lobson LLC*

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# IDA PUBLIC SCHOOLS

## Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

### SECTION I - SUMMARY OF AUDITORS' RESULTS

#### Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ yes  X  no

Significant deficiency(ies) identified? \_\_\_\_\_ yes  X  none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes  X  no

#### Federal Awards

Internal control over the major program:

Material weakness(es) identified? \_\_\_\_\_ yes  X  no

Significant deficiency(ies) identified? \_\_\_\_\_ yes  X  none reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ yes  X  no

Identification of the major program and type of auditor's report issued on compliance for the major program:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Type of Report</u>
10.553, 10.555, and 10.559	Child Nutrition Fund	Unmodified

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

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes  X  no

# IDA PUBLIC SCHOOLS

## Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

### SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

### SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

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## IDA PUBLIC SCHOOLS

### Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2022

None reported.



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