

Monroe County  
Intermediate  
School District



Year Ended  
June 30, 2022

Financial  
Statements and  
Single Audit Act  
Compliance

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# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

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## INDEPENDENT AUDITORS' REPORT

October 28, 2022

Board of Education  
Monroe County Intermediate School District  
Monroe, 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 the **Monroe County Intermediate School District** (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 accompanying 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 the District, as of June 30, 2022, and the respective changes in financial position and the respective budgetary comparisons for the general fund and the special education fund for the year then ended in accordance 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.



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

### ***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 plan, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 28, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

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

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Management's Discussion and Analysis

This section of the Monroe County Intermediate School District's (the "District") annual financial report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2022. Please read it in conjunction with the District's financial statements, which immediately follow this section.

### Financial Highlights

|   |                 |
|---|-----------------|
| · Total net position                          | \$ (48,330,794) |
| · Change in total net position                | 6,798,678       |
| · Fund balances, governmental funds           | 31,516,473      |
| · Change in fund balances, governmental funds | 2,048,560       |
| · Unassigned fund balance, general fund       | 8,881,740       |
| · Change in fund balance, general fund        | (357,734)       |

### 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 are comprised of 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 residual 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 District'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, community services, food services, and interdistrict payments.

**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. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## 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.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The accounting used for fiduciary funds is the accrual basis of accounting.

**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. The notes to the financial statements can be found following the fund financial statement section of this report.

**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 School Employees' Retirement System (MPERS) pension and other postemployment benefit plan 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.

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$48,330,794 at the close of the most recent fiscal year.

The District's investment in capital assets was \$5,404,747 at June 30, 2022. The District uses these capital assets to provide services to the students it serves; consequently, these assets are not available for future spending.

## MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

### Management's Discussion and Analysis

#### The District as a Whole

The statement of net position provides the perspective of the District as a whole. A summary of the District's net position as of the current and prior fiscal years ended June 30 is as follows:

|                                       | Net Position        |                     |
|---------------------------------------|---------------------|---------------------|
|                                       | 2022                | 2021                |
| <b>Assets</b>                         |                     |                     |
| Current and other assets              | \$ 43,020,928       | \$ 39,939,963       |
| Capital assets, net                   | 5,404,747           | 5,340,674           |
| <b>Total assets</b>                   | <u>48,425,675</u>   | <u>45,280,637</u>   |
| <b>Deferred outflows of resources</b> | <u>22,921,736</u>   | <u>30,208,702</u>   |
| <b>Liabilities</b>                    |                     |                     |
| Current and other liabilities         | 80,614,712          | 117,400,307         |
| Long-term debt                        | 1,743,732           | 1,721,889           |
| <b>Total liabilities</b>              | <u>82,358,444</u>   | <u>119,122,196</u>  |
| <b>Deferred inflows of resources</b>  | <u>37,319,761</u>   | <u>11,496,615</u>   |
| <b>Net position</b>                   |                     |                     |
| Investment in capital assets          | 5,404,747           | 5,340,674           |
| Restricted                            | 21,427,887          | 19,202,328          |
| Unrestricted (deficit)                | <u>(75,163,428)</u> | <u>(79,672,474)</u> |
| <b>Total net position</b>             | <u>(48,330,794)</u> | <u>(55,129,472)</u> |

The District is required to report its proportionate share of the MPERS net pension liability and net other postemployment benefits liability on the statement of net position. This change has resulted in a negative total net position of governmental activities of \$48,330,794. Of this amount, \$(75,163,428) is unrestricted net position (deficit) and \$21,427,887 represents resources that are subject to external restrictions on how they may be used. The operating results of the general fund will have a significant impact on the change in unrestricted net position from year to year.

## MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

### 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, which shows the changes in net position for the fiscal year 2022.

|                                    | Change in Net Position |                        |
|------------------------------------|------------------------|------------------------|
|                                    | 2022                   | 2021                   |
| <b>Program revenues</b>            |                        |                        |
| Charges for services               | \$ 16,951              | \$ 15,132              |
| Operating grants and contributions | 40,648,287             | 35,169,245             |
| <b>General revenues</b>            |                        |                        |
| Property taxes                     | 30,147,939             | 29,368,587             |
| Unrestricted state aid             | 1,704,974              | 1,639,398              |
| Unrestricted investment earnings   | 118,077                | 105,954                |
| <b>Total revenues</b>              | <u>72,636,228</u>      | <u>66,298,316</u>      |
| <b>Function/program expenses</b>   |                        |                        |
| Instruction                        | 18,446,948             | 21,212,562             |
| Supporting services                | 29,486,095             | 30,455,445             |
| Community services                 | 1,199,881              | 1,218,988              |
| Food services                      | 185,286                | 146,733                |
| Interdistrict payments             | 16,519,340             | 15,540,968             |
| <b>Total expenses</b>              | <u>65,837,550</u>      | <u>68,574,696</u>      |
| <b>Change in net position</b>      | 6,798,678              | (2,276,380)            |
| Net position, beginning of year    | <u>(55,129,472)</u>    | <u>(52,853,092)</u>    |
| <b>Net position, end of year</b>   | <u>\$ (48,330,794)</u> | <u>\$ (55,129,472)</u> |

#### Change in Net Position

As reported in the statement of activities, the cost of all of the District's governmental activities this year was \$65,837,550. Certain activities were partially funded from those who benefited from the programs which totaled \$16,951. Activities funded by other governments and organizations that subsidized certain programs with grants and contributions totaled \$40,648,287. The District paid for the remaining "public benefit" portion of governmental activities with \$30,147,939 in taxes, \$1,704,974 in unrestricted state aid, and with other revenues, (i.e., interest and general entitlements). The District experienced an increase in net position of \$6,798,678 during the current year. The increase in net position was primarily due to a decrease in the pension and OPEB expenses, along with an increase in the local tax revenue collected.

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

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Management's Discussion and Analysis

### 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 \$31,516,473, an increase of \$2,048,560 from the prior year. Approximately 28% of this total amount constitutes *unassigned fund balance*, which is available for spending at the District's discretion. The remainder of fund balance is nonspendable (\$30,742), restricted (\$21,280,129), committed (\$757,996), or assigned (\$565,866).

*General Fund.* The general fund is the chief operating fund of the District, and represents the District's unassigned fund balance. At the end of the current fiscal year, unassigned fund balance of the general fund was \$8,881,740. 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 approximately 33% of total general fund expenditures.

During the current fiscal year, the fund balance in the District's general fund decreased by \$357,734, as compared with the increase during the 2020-21 school year of \$286,038. This was primarily the result of planned expenditures for supporting student mental health and student information system transition costs.

*Special Education Fund.* During the current fiscal year, fund balance in the District's special education fund increased by \$2,236,399, and the ending fund balance was \$21,283,255. Fund balance increased due to several staff positions being vacant due to a lack of available staffing and larger than anticipated increases in local tax collections.

### General Fund Budgetary Highlights

The original budget was modified during the year as additional information was known. Over the course of the year, the District revises its budget as it attempts to deal with unexpected 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 actually adopted just before year end. A statement showing the District's original and final budget amounts compared with amounts actually earned and incurred is provided in the statement of revenues, expenditures, and changes in fund balance – budget and actual.

The change between the original and final amended budget for revenues was an increase of \$3,743,304. State sources increased by \$2,638,021 due to the original budget being adopted by the Board of Education when the State's budget had not been finalized. It was estimated that the foundation allowance would increase by \$250 per pupil, but the actual increase was \$589 per pupil. Federal sources increased by \$580,477 to match the District's final allocation of the GSRP Coronavirus State and Local Fiscal Recovery Funds.

Actual revenue was below final budgeted amounts by approximately \$2.4 million due primarily to the District budgeting for grant allocations to be fully spent, but the grant periods not aligning with the District's fiscal year end. Actual expenditures were less than final budgeted amounts by approximately \$3.4 million due to conservative budgeting practices by the District and unspent grant funds that will be carried over to the next year.

## MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

### Management's Discussion and Analysis

#### Capital Assets and Debt Administration

The District's investment in capital assets for its governmental activities as of June 30, 2022, totaled \$5,404,747 (net of accumulated depreciation), as compared to prior year's investment of \$5,340,674. This investment in capital assets includes land, buildings and improvements, buses and other vehicles, and furniture and equipment.

The major capital asset acquisitions during the current fiscal year were the following:

|                                   |           |
|-----------------------------------|-----------|
| • Assistive communication devices | \$ 12,334 |
| • Two new buses for ECSE          | 134,580   |
| • Two new buses for Head Start    | 134,580   |
| • Property purchased              | 141,500   |

|                            | District's Capital Assets<br>(net of depreciation) |                     |
|----------------------------|--|---------------------|
|                            | 2022   | 2021                |
| Land                       | \$ 150,882   | \$ 127,382          |
| Buildings and improvements | 4,325,761  | 4,397,552           |
| Buses and other vehicles   | 528,300  | 354,875             |
| Furniture and equipment    | 399,804  | 460,865             |
| Total                      | <u>\$ 5,404,747</u>                                | <u>\$ 5,340,674</u> |

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

*Long-term Debt.* Obligations include accrued vacation pay and sick leave. The District presents more detailed information about our long-term debt in the notes to the financial statements.

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

Our Board of Education and administration consider many factors when setting the District's 2022-2023 fiscal year budgets. The 2022-2023 budget was adopted in June 2022.

The District relies heavily upon property taxes as a funding source, receiving approximately 42% of its revenue from property taxes. Slower growth and changes in taxable values across Monroe County will have a direct impact on District revenues. The District continues to monitor potential implications of valuation cases and fluctuations.

Since the District's revenue is dependent on State categorical funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts. The State's funding to Intermediate School Districts has increased slower in recent years with many of the larger items for revenue increases tied to legislation that forced restricted spending in many areas.

The overall financial position of the District at June 30, 2022 remains sound; however, the District will have to continue to evaluate the use of fund balance in balancing the budget. In the future, the fund balance of both the general fund and the special education fund may be reduced because of decreased state and/or federal appropriations, changes in property tax values, and increases in operational costs.

## MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

### Management's Discussion and Analysis

#### Contacting the District's Management

This financial report is intended to provide our taxpayers, parents, and investors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the Business Office at 1101 S. Raisinville Road, Monroe, MI 48161.



## **BASIC FINANCIAL STATEMENTS**

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Statement of Net Position

June 30, 2022

|  | Governmental<br>Activities |
|--|----------------------------|
| <b>Assets</b>  |                            |
| Cash and investments   | \$ 31,447,024              |
| Receivables, net   | 11,543,162                 |
| Prepaid items and other assets   | 30,742                     |
| Capital assets not being depreciated                                   | 150,882                    |
| Capital assets being depreciated, net                                  | <u>5,253,865</u>           |
| <b>Total assets</b>  | <u>48,425,675</u>          |
| <b>Deferred outflows of resources</b>                                  |                            |
| Deferred pension amounts   | 16,495,707                 |
| Deferred other postemployment benefit amounts                          | <u>6,426,029</u>           |
| <b>Total deferred outflows of resources</b>                            | <u>22,921,736</u>          |
| <b>Liabilities</b>   |                            |
| Accounts payable and accrued liabilities                               | 6,982,837                  |
| Unearned revenue   | 4,333,468                  |
| Long-term debt:  |                            |
| Due within one year  | 174,373                    |
| Due in more than one year  | 1,569,359                  |
| Net pension liability (due in more than one year)                      | 65,079,800                 |
| Net other postemployment benefit liability (due in more than one year) | <u>4,218,607</u>           |
| <b>Total liabilities</b>   | <u>82,358,444</u>          |
| <b>Deferred inflows of resources</b>                                   |                            |
| Deferred pension amounts   | 21,416,116                 |
| Deferred other postemployment benefit amounts                          | <u>15,903,645</u>          |
| <b>Total deferred inflows of resources</b>                             | <u>37,319,761</u>          |
| <b>Net position</b>  |                            |
| Investment in capital assets   | 5,404,747                  |
| Restricted for:  |                            |
| Special education  | 21,418,003                 |
| Food service   | 9,884                      |
| Unrestricted (deficit)   | <u>(75,163,428)</u>        |
| <b>Total net position</b>  | <u>\$ (48,330,794)</u>     |

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

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## 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                      | \$ 18,446,948        | \$ 6,740             | \$ 37,028,105                      | \$ 18,587,897          |
| Supporting services              | 29,486,095           | -                    | 35,648                             | (29,450,447)           |
| Community services               | 1,199,881            | -                    | -                                  | (1,199,881)            |
| Food services                    | 185,286              | 10,211               | 135,820                            | (39,255)               |
| Interdistrict payments           | 16,519,340           | -                    | 3,448,714                          | (13,070,626)           |
| <b>Total</b>                     | <u>\$ 65,837,550</u> | <u>\$ 16,951</u>     | <u>\$ 40,648,287</u>               | <u>(25,172,312)</u>    |
| <b>General revenues</b>          |                      |                      |                                    |                        |
| Property taxes                   |                      |                      |                                    | 30,147,939             |
| Unrestricted state aid           |                      |                      |                                    | 1,704,974              |
| Unrestricted investment earnings |                      |                      |                                    | <u>118,077</u>         |
| <b>Total general revenues</b>    |                      |                      |                                    | <u>31,970,990</u>      |
| <b>Change in net position</b>    |                      |                      |                                    | 6,798,678              |
| Net position, beginning of year  |                      |                      |                                    | <u>(55,129,472)</u>    |
| <b>Net position, end of year</b> |                      |                      |                                    | <u>\$ (48,330,794)</u> |

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

## **FUND FINANCIAL STATEMENTS**

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Balance Sheet

Governmental Funds

June 30, 2022

|  | General Fund         | Special Education Fund | Nonmajor Governmental Funds | Totals               |
|--|----------------------|------------------------|-----------------------------|----------------------|
| <b>Assets</b>  |                      |                        |                             |                      |
| Cash and investments   | \$ 7,435,466         | \$ 23,227,199          | \$ 784,359                  | \$ 31,447,024        |
| Accounts receivable  | 7,430,848            | 3,915,589              | 2,309                       | 11,348,746           |
| Taxes receivable, net  | 55,084               | 139,332                | -                           | 194,416              |
| Inventory  | -                    | 4,269                  | 1,678                       | 5,947                |
| Prepaid items  | 17,732               | 7,063                  | -                           | 24,795               |
| <b>Total assets</b>  | <u>\$ 14,939,130</u> | <u>\$ 27,293,452</u>   | <u>\$ 788,346</u>           | <u>\$ 43,020,928</u> |
| <b>Liabilities</b>   |                      |                        |                             |                      |
| Accounts payable   | \$ 1,589,214         | \$ 1,084,409           | \$ 17,989                   | \$ 2,691,612         |
| Accrued payroll and other liabilities                                      | 959,205              | 3,332,020              | -                           | 4,291,225            |
| Unearned revenue   | 2,871,971            | 1,459,020              | 2,477                       | 4,333,468            |
| <b>Total liabilities</b>   | <u>5,420,390</u>     | <u>5,875,449</u>       | <u>20,466</u>               | <u>11,316,305</u>    |
| <b>Deferred inflows of resources</b>                                       |                      |                        |                             |                      |
| Unavailable revenue - taxes receivable                                     | 53,402               | 134,748                | -                           | 188,150              |
| <b>Fund balances</b>   |                      |                        |                             |                      |
| Nonspendable:  |                      |                        |                             |                      |
| Inventory  | -                    | 4,269                  | 1,678                       | 5,947                |
| Prepaid items  | 17,732               | 7,063                  | -                           | 24,795               |
| Restricted for:  |                      |                        |                             |                      |
| Special education  | -                    | 21,271,923             | -                           | 21,271,923           |
| Food service   | -                    | -                      | 8,206                       | 8,206                |
| Committed for:   |                      |                        |                             |                      |
| Student/school activities  | -                    | -                      | 56,435                      | 56,435               |
| Capital projects   | -                    | -                      | 701,561                     | 701,561              |
| Assigned for -   |                      |                        |                             |                      |
| Monroe County Middle College   | 565,866              | -                      | -                           | 565,866              |
| Unassigned   | 8,881,740            | -                      | -                           | 8,881,740            |
| <b>Total fund balances</b>   | <u>9,465,338</u>     | <u>21,283,255</u>      | <u>767,880</u>              | <u>31,516,473</u>    |
| <b>Total liabilities, deferred inflows of resources, and fund balances</b> | <u>\$ 14,939,130</u> | <u>\$ 27,293,452</u>   | <u>\$ 788,346</u>           | <u>\$ 43,020,928</u> |

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

## MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

### Reconciliation

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

|   |                      |
|---|----------------------|
| <b>Fund balances - total governmental funds</b> | <b>\$ 31,516,473</b> |
|---|----------------------|

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

Long-term receivables are reported as an asset and revenue when earned on the statement of net position and the statement of activities while the governmental funds report these balances as an asset and deferred inflows of resources until the availability criterion for revenue recognition is met.

|   |         |
|---|---------|
| Deferred inflows of resources for taxes receivables | 188,150 |
|---|---------|

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

|                                       |           |
|---------------------------------------|-----------|
| Capital assets not being depreciated  | 150,882   |
| Capital assets being depreciated, net | 5,253,865 |

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 | (1,743,732) |
|----------------------|-------------|

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   | (65,079,800) |
| Deferred outflows related to the net pension liability                      | 16,495,707   |
| Deferred inflows related to the net pension liability                       | (21,416,116) |
| Net other postemployment benefit liability                                  | (4,218,607)  |
| Deferred outflows related to the net other postemployment benefit liability | 6,426,029    |
| Deferred inflows related to the net other postemployment benefit liability  | (15,903,645) |

|  |                                      |
|--|--------------------------------------|
| <b>Net position of governmental activities</b> | <b><u><u>\$ (48,330,794)</u></u></b> |
|--|--------------------------------------|

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

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

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

Governmental Funds

For the Year Ended June 30, 2022

|   | General Fund        | Special Education Fund | Nonmajor Governmental Funds | Totals               |
|---|---------------------|------------------------|-----------------------------|----------------------|
| <b>Revenues</b>                             |                     |                        |                             |                      |
| Local sources                               | \$ 8,538,750        | \$ 24,464,284          | \$ 49,016                   | \$ 33,052,050        |
| State sources                               | 8,780,548           | 13,247,309             | 803                         | 22,028,660           |
| Federal sources                             | 4,629,102           | 9,364,240              | 134,959                     | 14,128,301           |
| Interdistrict sources                       | 3,413,424           | 35,290                 | -                           | 3,448,714            |
| <b>Total revenues</b>                       | <u>25,361,824</u>   | <u>47,111,123</u>      | <u>184,778</u>              | <u>72,657,725</u>    |
| <b>Expenditures</b>                         |                     |                        |                             |                      |
| Education:                                  |                     |                        |                             |                      |
| Instruction                                 | 6,111,878           | 14,127,464             | -                           | 20,239,342           |
| Supporting services                         | 10,718,747          | 21,355,387             | 34,746                      | 32,108,880           |
| Community services                          | 891,598             | 424,868                | -                           | 1,316,466            |
| Food services                               | -                   | -                      | 176,736                     | 176,736              |
| Capital outlay                              | -                   | -                      | 248,401                     | 248,401              |
| Interdistrict payments                      | 8,873,017           | 7,646,323              | -                           | 16,519,340           |
| <b>Total expenditures</b>                   | <u>26,595,240</u>   | <u>43,554,042</u>      | <u>459,883</u>              | <u>70,609,165</u>    |
| Revenues over (under) expenditures          | <u>(1,233,416)</u>  | <u>3,557,081</u>       | <u>(275,105)</u>            | <u>2,048,560</u>     |
| <b>Other financing sources (uses)</b>       |                     |                        |                             |                      |
| Transfers in                                | 1,374,413           | 398,731                | 445,000                     | 2,218,144            |
| Transfers out                               | (498,731)           | (1,719,413)            | -                           | (2,218,144)          |
| <b>Total other financing sources (uses)</b> | <u>875,682</u>      | <u>(1,320,682)</u>     | <u>445,000</u>              | <u>-</u>             |
| <b>Net change in fund balances</b>          | <u>(357,734)</u>    | <u>2,236,399</u>       | <u>169,895</u>              | <u>2,048,560</u>     |
| Fund balances, beginning of year            | <u>9,823,072</u>    | <u>19,046,856</u>      | <u>597,985</u>              | <u>29,467,913</u>    |
| <b>Fund balances, end of year</b>           | <u>\$ 9,465,338</u> | <u>\$ 21,283,255</u>   | <u>\$ 767,880</u>           | <u>\$ 31,516,473</u> |

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



## MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

### Reconciliation

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

|   |                     |
|---|---------------------|
| <b>Net change in fund balances - total governmental funds</b> | <b>\$ 2,048,560</b> |
|---|---------------------|

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

Long-term receivables are reported as revenue when earned on the statement of activities while the governmental funds report these balances as revenue when the availability criterion for revenue recognition is met.

|   |          |
|---|----------|
| Net change in deferred inflows of resources for taxes receivables | (21,497) |
|---|----------|

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 | 446,494   |
| Depreciation expense                 | (382,421) |

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 the net pension liability and related deferred amounts                      | 630,238         |
| Change in the net other postemployment benefit liability and related deferred amounts | 4,099,147       |
| Change in the accrual for compensated absences  | <u>(21,843)</u> |

|  |                            |
|--|----------------------------|
| <b>Change in net position of governmental activities</b> | <b><u>\$ 6,798,678</u></b> |
|--|----------------------------|

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

## MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

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

Budget and Actual - General Fund

For the Year Ended June 30, 2022

|   | Original<br>Budget  | Final<br>Budget     | Actual              | Actual Over<br>(Under) Final<br>Budget |
|---|---------------------|---------------------|---------------------|--|
| <b>Revenues</b>                             |                     |                     |                     |  |
| Local sources                               | \$ 8,520,154        | \$ 8,855,944        | \$ 8,538,750        | \$ (317,194)                           |
| State sources                               | 7,429,097           | 10,067,118          | 8,780,548           | (1,286,570)                            |
| Federal sources                             | 4,827,677           | 5,408,154           | 4,629,102           | (779,052)                              |
| Interdistrict sources                       | 3,256,178           | 3,445,193           | 3,413,424           | (31,769)                               |
| <b>Total revenues</b>                       | <u>24,033,106</u>   | <u>27,776,410</u>   | <u>25,361,824</u>   | <u>(2,414,586)</u>                     |
| <b>Expenditures</b>                         |                     |                     |                     |  |
| Education:                                  |                     |                     |                     |  |
| Instruction:                                |                     |                     |                     |  |
| Basic programs                              | 6,183,631           | 6,857,412           | 5,976,813           | (880,599)                              |
| Added needs                                 | 137,125             | 139,698             | 135,065             | (4,633)                                |
| Total instruction                           | <u>6,320,756</u>    | <u>6,997,109</u>    | <u>6,111,878</u>    | <u>(885,231)</u>                       |
| Supporting services:                        |                     |                     |                     |  |
| Pupil services                              | 1,510,350           | 1,814,770           | 1,776,394           | (38,376)                               |
| Instructional support                       | 3,003,690           | 3,680,878           | 3,255,817           | (425,061)                              |
| General administration                      | 560,927             | 569,324             | 530,097             | (39,227)                               |
| School administration                       | 407,638             | 411,105             | 387,548             | (23,557)                               |
| Business services                           | 1,326,276           | 1,440,153           | 1,273,146           | (167,007)                              |
| Operations and maintenance                  | 595,950             | 679,293             | 491,391             | (187,902)                              |
| Central support                             | 3,018,694           | 3,175,932           | 2,689,200           | (486,732)                              |
| Transportation                              | 500,398             | 353,772             | 315,154             | (38,618)                               |
| Total supporting services                   | <u>10,923,923</u>   | <u>12,125,227</u>   | <u>10,718,747</u>   | <u>(1,406,480)</u>                     |
| Community services                          | <u>869,320</u>      | <u>1,064,208</u>    | <u>891,598</u>      | <u>(172,610)</u>                       |
| Interdistrict payments                      | <u>8,251,589</u>    | <u>9,802,606</u>    | <u>8,873,017</u>    | <u>(929,589)</u>                       |
| <b>Total expenditures</b>                   | <u>26,365,588</u>   | <u>29,989,150</u>   | <u>26,595,240</u>   | <u>(3,393,910)</u>                     |
| Revenues under expenditures                 | <u>(2,332,482)</u>  | <u>(2,212,740)</u>  | <u>(1,233,416)</u>  | <u>979,324</u>                         |
| <b>Other financing sources (uses)</b>       |                     |                     |                     |  |
| Transfers in                                | 1,497,947           | 1,479,835           | 1,374,413           | (105,422)                              |
| Transfers out                               | <u>(498,731)</u>    | <u>(498,731)</u>    | <u>(498,731)</u>    | <u>-</u>                               |
| <b>Total other financing sources (uses)</b> | <u>999,216</u>      | <u>981,104</u>      | <u>875,682</u>      | <u>(105,422)</u>                       |
| <b>Net change in fund balance</b>           | <u>(1,333,266)</u>  | <u>(1,231,636)</u>  | <u>(357,734)</u>    | <u>873,902</u>                         |
| Fund balance, beginning of year             | <u>9,823,072</u>    | <u>9,823,072</u>    | <u>9,823,072</u>    | <u>-</u>                               |
| <b>Fund balance, end of year</b>            | <u>\$ 8,489,806</u> | <u>\$ 8,591,436</u> | <u>\$ 9,465,338</u> | <u>\$ 873,902</u>                      |

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

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

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

Budget and Actual - Special Education Fund

For the Year Ended June 30, 2022

|   | Original<br>Budget   | Final<br>Budget      | Actual               | Actual Over<br>(Under) Final<br>Budget |
|---|----------------------|----------------------|----------------------|--|
| <b>Revenues</b>                             |                      |                      |                      |  |
| Local sources                               | \$ 24,541,385        | \$ 25,867,983        | \$ 24,464,284        | \$ (1,403,699)                         |
| State sources                               | 12,161,563           | 13,194,665           | 13,247,309           | 52,644                                 |
| Federal sources                             | 10,182,933           | 9,614,295            | 9,364,240            | (250,055)                              |
| Interdistrict sources                       | 21,150               | 38,686               | 35,290               | (3,396)                                |
| <b>Total revenues</b>                       | <u>46,907,031</u>    | <u>48,715,629</u>    | <u>47,111,123</u>    | <u>(1,604,506)</u>                     |
| <b>Expenditures</b>                         |                      |                      |                      |  |
| Education:                                  |                      |                      |                      |  |
| Instruction -                               |                      |                      |                      |  |
| Added needs                                 | <u>17,710,736</u>    | <u>15,423,383</u>    | <u>14,127,464</u>    | <u>(1,295,919)</u>                     |
| Supporting services:                        |                      |                      |                      |  |
| Pupil services                              | 15,009,309           | 16,485,666           | 15,565,045           | (920,621)                              |
| Instructional support                       | 2,431,832            | 2,651,442            | 2,574,549            | (76,893)                               |
| General administration                      | 67,819               | 77,450               | 49,939               | (27,511)                               |
| School administration                       | 435,720              | 441,766              | 442,646              | 880                                    |
| Business services                           | 210,338              | 204,118              | 94,756               | (109,362)                              |
| Operations and maintenance                  | 941,604              | 1,257,059            | 972,770              | (284,289)                              |
| Central support                             | 288,014              | 363,621              | 314,695              | (48,926)                               |
| Transportation                              | <u>1,335,837</u>     | <u>1,382,227</u>     | <u>1,340,987</u>     | <u>(41,240)</u>                        |
| Total supporting services                   | <u>20,720,473</u>    | <u>22,863,349</u>    | <u>21,355,387</u>    | <u>(1,507,962)</u>                     |
| Community services                          | <u>605,692</u>       | <u>482,551</u>       | <u>424,868</u>       | <u>(57,683)</u>                        |
| Interdistrict payments                      | <u>7,382,366</u>     | <u>7,661,007</u>     | <u>7,646,323</u>     | <u>(14,684)</u>                        |
| <b>Total expenditures</b>                   | <u>46,419,267</u>    | <u>46,430,291</u>    | <u>43,554,042</u>    | <u>(2,876,249)</u>                     |
| Revenues over expenditures                  | <u>487,764</u>       | <u>2,285,338</u>     | <u>3,557,081</u>     | <u>1,271,743</u>                       |
| <b>Other financing sources (uses)</b>       |                      |                      |                      |  |
| Transfers in                                | 398,731              | 398,731              | 398,731              | -                                      |
| Transfers out                               | <u>(1,730,147)</u>   | <u>(1,797,251)</u>   | <u>(1,719,413)</u>   | <u>(77,838)</u>                        |
| <b>Total other financing sources (uses)</b> | <u>(1,331,416)</u>   | <u>(1,398,520)</u>   | <u>(1,320,682)</u>   | <u>(77,838)</u>                        |
| <b>Net change in fund balance</b>           | <u>(843,652)</u>     | <u>886,818</u>       | <u>2,236,399</u>     | <u>1,349,581</u>                       |
| Fund balance, beginning of year             | <u>19,046,856</u>    | <u>19,046,856</u>    | <u>19,046,856</u>    | <u>-</u>                               |
| <b>Fund balance, end of year</b>            | <u>\$ 18,203,204</u> | <u>\$ 19,933,674</u> | <u>\$ 21,283,255</u> | <u>\$ 1,349,581</u>                    |

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

**MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT**

**Statement of Fiduciary Net Position**

Fiduciary Fund

June 30, 2022

|                             | Custodial<br>Fund       |
|-----------------------------|-------------------------|
| <b>Assets</b>               |                         |
| Cash and investments        | \$ 23,364               |
| <b>Liabilities</b>          |                         |
| Accounts payable            | <u>739</u>              |
| <b>Net position</b>         |                         |
| Restricted for other groups | <u><u>\$ 22,625</u></u> |

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

## MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

### Statement of Changes in Fiduciary Net Position

Fiduciary Fund

June 30, 2022

|                                     | Custodial<br>Fund       |
|-------------------------------------|-------------------------|
| <b>Additions</b>                    |                         |
| Private donations and contributions | \$ 12,857               |
| Interest                            | <u>130</u>              |
| <b>Total additions</b>              | 12,987                  |
| <b>Deductions</b>                   |                         |
| Payments to other groups            | <u>9,945</u>            |
| <b>Change in net position</b>       | 3,042                   |
| Net position, beginning of year     | <u>19,583</u>           |
| <b>Net position, end of year</b>    | <u><u>\$ 22,625</u></u> |

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

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## **NOTES TO FINANCIAL STATEMENTS**

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes to Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Reporting Entity

The Monroe County Intermediate School District (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 non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District had no business-type activities during the 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 and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

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 one year for reimbursement-based grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures related to compensated absences are recorded only when payment is due.



# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes to Financial Statements

Property taxes received and grant and interest revenue earned within 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 *special education special revenue fund* accounts for special education initiatives carried out by the District, which are primarily financed through restricted state aid and property taxes.

Additionally, the District reports the following fund types:

*Special revenue funds* are used to account for 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 *custodial fund* is used to account for assets held for other groups and organizations and are custodial in nature.

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

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

#### ***Deposits and Investments***

The District's cash and investments 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 are reported at fair value.

#### ***Receivables and Payables***

The District follows the practice of recording revenues that have been earned but not yet received as receivables. All trade and property tax receivables are shown net of an allowance for uncollectible accounts. The District's allowance for doubtful accounts is related to delinquent property taxes receivable. Accounts payable and other payables reflected in the financial statements are based on when the liability is incurred.

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes to Financial Statements

### *Inventories and Prepaids*

Inventory is valued at the lower of cost (first in, first out) or market. Inventory in the special education fund and food service fund consists of expendable supplies held for consumption. The cost is recorded as an expenditure when consumed rather than when purchased. Reported inventories are equally offset by nonspendable fund balance which indicates that they do not constitute “available spendable resources” even though they are a component of fund balance.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

### *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 District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated 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 primary government are depreciated using the straight-line method over the following estimated useful lives:

|                            | Years |
|----------------------------|-------|
| Buildings and improvements | 20-50 |
| Buses and other vehicles   | 8-10  |
| Furniture and equipment    | 5-20  |

### *Deferred Outflows of Resources*

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

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes to Financial Statements

### ***Salaries Payable and Accrued Employee Benefits***

A liability is recorded at June 30 for those amounts owed to teachers and other employees of the District who do not work during the summer when school is not in session but have elected to have their salaries paid over an entire year. This has the effect of properly charging their salaries to expenditures in the fiscal year in which their services are received, even though they are not paid until July and August of the following fiscal year.

The liability for accrued retirement and the employer share of FICA related to the salaries payable has been recorded as has the liability for employee health insurances for the months of July and August. The District pays these insurances for this period as a part of the compensation for services rendered in the preceding school year.

### ***Compensated Absences***

The liability for compensated absences reported in the government-wide financial statements consists of earned but unused accumulated vacation and sick leave benefits. A liability for these amounts is reported in governmental funds as it comes due for payment, such as for employee retirements or resignations. The liability has been calculated for employees who currently are eligible to receive termination payments using the vesting method.

### ***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 governmental funds report unavailable revenues, which arise only under a modified accrual basis of accounting that are reported as deferred inflows of resources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District also reports deferred inflows of resources related to pension and other postemployment benefit liabilities in the government-wide statement of net position.

### ***Fund Balance***

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. As applicable, 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 District'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 Assistant Superintendent for Business and Administrative Services. Unassigned fund balance is the residual classification for the general fund.

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes to Financial Statements

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 pension 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.

### *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The District utilizes various investment instruments which are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near-term and that such changes could materially affect the amounts reported in the financial statements.

## 2. BUDGETARY INFORMATION

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. All annual appropriations lapse at fiscal year end. The budgets for the general and special revenue funds are adopted on a functional basis.

During the year ended June 30, 2022, the District incurred certain expenditures in excess of the amounts appropriated as follows:

|                               | Final<br>Budget | Actual<br>Expenditures | Over<br>Budget |
|-------------------------------|-----------------|------------------------|----------------|
| <b>Special Education Fund</b> |                 |                        |                |
| Supporting services -         |                 |                        |                |
| School administration         | \$ 441,766      | \$ 442,646             | \$ 880         |

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes to Financial Statements

### 3. DEPOSITS AND INVESTMENTS

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

**Statement of net position**

|                      |               |
|----------------------|---------------|
| Cash and investments | \$ 31,447,024 |
|----------------------|---------------|

**Statement of fiduciary net position**

|                      |               |
|----------------------|---------------|
| Cash and investments | <u>23,364</u> |
|----------------------|---------------|

|  |                      |
|--|----------------------|
|  | <u>\$ 31,470,388</u> |
|--|----------------------|

|   |               |
|---|---------------|
| Bank deposits (checking and savings accounts) | \$ 20,119,745 |
|---|---------------|

|             |                   |
|-------------|-------------------|
| Investments | <u>11,350,643</u> |
|-------------|-------------------|

|  |                      |
|--|----------------------|
|  | <u>\$ 31,470,388</u> |
|--|----------------------|

**Statutory Authority**

State statutes authorize the District to deposit and 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.
- 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.

The District's investment policy allows for all of these types of investments.

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes to Financial Statements

The District chooses to disclose its investments by specifically identifying each. At June 30, 2022, the District had the following investments:

| Investment              | Maturity | Fair Value           |
|-------------------------|----------|----------------------|
| Fifth Third Securities: |          |                      |
| Cash                    | n/a      | \$ 94,818            |
| Commercial paper        | < 1 year | 4,964,195            |
| U.S. agencies           | < 1 year | 2,013,471            |
| U.S. treasuries         | < 1 year | <u>4,278,159</u>     |
|                         |          | <u>\$ 11,350,643</u> |

### Investment and Deposit Risk

*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. Maturity dates for the investments held at year end are identified in the table above.

*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. As of June 30, 2022, the District's investments were rated by Standard & Poor's as follows:

|           | Rating               |
|-----------|----------------------|
| AA+       | \$ 6,291,629         |
| A-1+      | 2,526,725            |
| A-1       | 2,437,471            |
| Not rated | <u>94,818</u>        |
|           | <u>\$ 11,350,643</u> |

*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, \$19,711,001 of the District's bank balance of \$20,211,001 was exposed to custodial credit risk because it was uninsured and uncollateralized.

## MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

### Notes to Financial Statements

*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. None of the District's investments are subject to custodial credit risk because their existence is not evidenced by securities in physical or book form.

*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. All investments held at year end are reported above.

#### Fair Value

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

The District's recurring fair value measurement as of June 30, 2022 for its investments in commercial paper, U.S. agencies, and U.S. treasuries are valued using significant other observable inputs of the underlying securities and bonds (Level 2 inputs).

### 4. RECEIVABLES

Receivables as of year end for the District's individual major funds and nonmajor funds in the aggregate, are as follows:

|  | General Fund        | Special Education Fund | Nonmajor Governmental Funds | Totals               |
|--|---------------------|------------------------|-----------------------------|----------------------|
| Accounts receivable                        | \$ 7,430,848        | \$ 3,915,589           | \$ 2,309                    | \$ 11,348,746        |
| Property taxes                             | 161,971             | 446,943                | -                           | 608,914              |
| Less: allowance for uncollectible accounts | (106,887)           | (307,611)              | -                           | (414,498)            |
|  | <u>\$ 7,485,932</u> | <u>\$ 4,054,921</u>    | <u>\$ 2,309</u>             | <u>\$ 11,543,162</u> |

The District has estimated that \$110,571 is not expected to be collected within one year.

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes to Financial Statements

### 5. CAPITAL ASSETS

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

|  | Beginning<br>Balance | Additions        | Disposals   | Ending<br>Balance   |
|--|----------------------|------------------|-------------|---------------------|
| Capital assets not being depreciated -<br>Land | \$ 127,382           | \$ 23,500        | \$ -        | \$ 150,882          |
| Capital assets being depreciated:              |                      |                  |             |                     |
| Buildings and improvements                     | 9,344,511            | 141,500          | -           | 9,486,011           |
| Buses and other vehicles                       | 1,506,388            | 269,160          | -           | 1,775,548           |
| Furniture and equipment                        | 1,170,347            | 12,334           | -           | 1,182,681           |
|  | <u>12,021,246</u>    | <u>422,994</u>   | <u>-</u>    | <u>12,444,240</u>   |
| Less accumulated depreciation for:             |                      |                  |             |                     |
| Buildings and improvements                     | 4,946,959            | 213,291          | -           | 5,160,250           |
| Buses and other vehicles                       | 1,151,513            | 95,735           | -           | 1,247,248           |
| Furniture and equipment                        | 709,482              | 73,395           | -           | 782,877             |
|  | <u>6,807,954</u>     | <u>382,421</u>   | <u>-</u>    | <u>7,190,375</u>    |
| Total capital assets being depreciated, net    | <u>5,213,292</u>     | <u>40,573</u>    | <u>-</u>    | <u>5,253,865</u>    |
| <b>Capital assets, net</b>                     | <u>\$ 5,340,674</u>  | <u>\$ 40,573</u> | <u>\$ -</u> | <u>\$ 5,404,747</u> |

Depreciation expense of \$373,871 and \$8,550 was reported on the statement of activities as "supporting services" and "food services", respectively.

### 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities as of year end for the District's individual major and nonmajor funds are as follows:

|                                       | General<br>Fund     | Special<br>Education<br>Fund | Nonmajor<br>Governmental<br>Funds | Totals              |
|---------------------------------------|---------------------|------------------------------|-----------------------------------|---------------------|
| Accounts payable                      | \$ 1,589,214        | \$ 1,084,409                 | \$ 17,989                         | \$ 2,691,612        |
| Accrued payroll and other liabilities | 959,205             | 3,332,020                    | -                                 | 4,291,225           |
|                                       | <u>\$ 2,548,419</u> | <u>\$ 4,416,429</u>          | <u>\$ 17,989</u>                  | <u>\$ 6,982,837</u> |



# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes to Financial Statements

### 7. INTERFUND TRANSFERS

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

|                             | Transfers in        | Transfers out       |
|-----------------------------|---------------------|---------------------|
| General fund                | \$ 1,374,413        | \$ 498,731          |
| Special education fund      | 398,731             | 1,719,413           |
| Nonmajor governmental funds | 445,000             | -                   |
|                             | <u>\$ 2,218,144</u> | <u>\$ 2,218,144</u> |

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 to provide resources for the special education fund, the food service fund, the capital projects fund, and the general fund primarily for operating purposes and to charge grant related indirect costs.

### 8. LONG-TERM DEBT

Long-term debt and other obligations of the District at June 30, 2022, are summarized as follows:

|                      | Beginning Balance   | Additions         | Retirements         | Ending Balance      | Amount Due Within One Year |
|----------------------|---------------------|-------------------|---------------------|---------------------|----------------------------|
| Compensated absences | <u>\$ 1,721,889</u> | <u>\$ 239,703</u> | <u>\$ (217,860)</u> | <u>\$ 1,743,732</u> | <u>\$ 174,373</u>          |

Compensated absences are generally liquidated by the general and special education funds.

### 9. 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 medical claims and participates in the MASB/SET-SEG (risk pool) for claims relating to employee injuries/workers' compensation, general liability, and property casualty. 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; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes to Financial Statements

### 10. PROPERTY TAXES

Property taxes are assessed as of December 31 and attach as an enforceable lien on property as of July 1 of the following year. Taxes are levied on whose boundaries include property within the District and are due on September 15.

### 11. TAX ABATEMENTS

The District received reduced property tax revenues during 2022 as a result of industrial facilities tax exemptions (IFT's) and brownfield redevelopment agreements entered into by cities, villages, townships, and authorities within the District boundaries.

The IFT's were entered into based upon the Plant Rehabilitation and Industrial Developments Districts Act (known as the Industrial Facilities Exemption), PA 198 of 1974, as amended. IFT's provide a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high-tech facilities. Properties qualifying for IFT status are taxed at 50% of the millage rate applicable to other real and personal property within the District boundaries. The abatements amounted to \$126,627 in reduced District tax revenues for 2022.

### 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).

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes to Financial Statements

### *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.

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.

## MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

### Notes to Financial Statements

#### *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.

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.

## MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

### Notes to Financial Statements

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 \$9,389,712, which included \$4,399,388, the amount received from the State and remitted to the System to fund the MPSERS unfunded actuarial accrued liability ("UAAL") stabilization rate.

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 \$2,088,362.

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 \$565,725.

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes to Financial Statements

### *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 \$65,079,800 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 0.27488%, which was an increase of 0.00602% from its proportion measured as of September 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$8,729,057. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources | Net Deferred<br>Outflows<br>(Inflows) of<br>Resources |
|---|--------------------------------------|-------------------------------------|---|
| Differences between expected and actual experience  | \$ 1,008,114                         | \$ 383,243                          | \$ 624,871  |
| Changes in assumptions  | 4,102,398                            | -                                   | 4,102,398   |
| Net difference between projected and actual earnings on pension plan investments                              | -                                    | 20,922,947                          | (20,922,947)  |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 2,479,754                            | 109,926                             | 2,369,828   |
|   | <u>7,590,266</u>                     | <u>21,416,116</u>                   | <u>(13,825,850)</u>                                   |
| District contributions subsequent to the measurement date   | 8,905,441                            | -                                   | 8,905,441   |
| <b>Total</b>  | <u>\$ 16,495,707</u>                 | <u>\$ 21,416,116</u>                | <u>\$ (4,920,409)</u>                                 |

## MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

### Notes to Financial Statements

The \$8,905,441 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<br>June 30, | Amount                 |
|------------------------|------------------------|
| 2023                   | \$ (848,756)           |
| 2024                   | (2,946,757)            |
| 2025                   | (4,547,949)            |
| 2026                   | <u>(5,482,388)</u>     |
| Total                  | <u>\$ (13,825,850)</u> |

#### ***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 \$4,218,607 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 0.27638% which was an increase of 0.00044% from its proportion measured as of September 30, 2020.

## MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

### Notes to Financial Statements

For the year ended June 30, 2022, the District recognized OPEB expense of \$(2,023,794). At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources | Net Deferred<br>Outflows<br>(Inflows) of<br>Resources |
|---|--------------------------------------|-------------------------------------|---|
| Differences between expected and actual experience  | \$ -                                 | \$ 12,041,714                       | \$ (12,041,714)                                       |
| Changes in assumptions  | 3,526,546                            | 527,703                             | 2,998,843   |
| Net difference between projected and actual earnings on OPEB plan investments                                 | -                                    | 3,179,640                           | (3,179,640)   |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 1,032,196                            | 154,588                             | 877,608   |
|   | <u>4,558,742</u>                     | <u>15,903,645</u>                   | <u>(11,344,903)</u>                                   |
| District contributions subsequent to the measurement date   | 1,867,287                            | -                                   | 1,867,287   |
|   | <u>1,867,287</u>                     | <u>-</u>                            | <u>1,867,287</u>                                      |
| <b>Total</b>  | <u>\$ 6,426,029</u>                  | <u>\$ 15,903,645</u>                | <u>\$ (9,477,616)</u>                                 |

The \$1,867,287 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<br>June 30, | Amount                 |
|------------------------|------------------------|
| 2023                   | \$ (2,845,071)         |
| 2024                   | (2,666,283)            |
| 2025                   | (2,543,533)            |
| 2026                   | (2,323,138)            |
| 2027                   | (854,739)              |
| Thereafter             | <u>(112,139)</u>       |
| <b>Total</b>           | <u>\$ (11,344,903)</u> |



# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes to Financial Statements

### *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.  |
| 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.

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes to Financial Statements

### *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%                                  |
| Real return/opportunistic pools      | 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>                          |
| <b>Investment rate of return</b>     |                   |  | <u><u>6.80%</u></u>                    |

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## 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%                                 |
|                                      | <u>100.00%</u>    |  | 5.04%                                  |
| Inflation                            |                   |  | 2.00%                                  |
| Risk adjustment                      |                   |  | <u>-0.09%</u>                          |
| <b>Investment rate of return</b>     |                   |  | <u><u>6.95%</u></u>                    |

### *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.

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## 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:

|  | 1% Decrease<br>(5.80% / 5.80%<br>/ 5.00%) | Current<br>Discount Rate<br>(6.80% / 6.80%<br>/ 6.00%) | 1% Increase<br>(7.80% / 7.80%<br>/ 7.00%) |
|--|---|--|---|
| District's proportionate share of<br>the net pension liability | \$ 93,046,464                             | \$ 65,079,800  | \$ 41,893,601                             |

### *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:

|   | 1% Decrease<br>(5.95%) | Current<br>Discount Rate<br>(6.95%) | 1% Increase<br>(7.95%) |
|---|------------------------|-------------------------------------|------------------------|
| District's proportionate share of<br>the net OPEB liability | \$ 7,838,934           | \$ 4,218,607                        | \$ 1,146,243           |

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## 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:

|   | 1% Decrease<br>(6.00%) | Current<br>Healthcare Cost<br>Trend Rate<br>(7.00%) | 1% Increase<br>(8.00%) |
|---|------------------------|---|------------------------|
| District's proportionate share of<br>the net OPEB liability | \$ 1,026,776           | \$ 4,218,607  | \$ 7,809,803           |

### *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 \$1,425,967 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 \$251,343 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2022.

## 13. CONTINGENCIES

During fiscal year 2021, DTE Energy filed a tax appeal to lower its taxable value related to the Fermi 2 power plant. Under the Satisfaction Agreement entered into during fiscal year 2022, there is no reduction or refund from any local unit for the 2018 through 2021 tax years. Instead, the Satisfaction Agreement designated multi-year, gradual taxable value reductions for the plant between tax years 2022 and 2028. Based on the difference between estimates of baseline projected taxable value and the taxable values designated under the Satisfaction agreement, the District will see a decrease of approximately \$560,000 in property tax revenues against the expected baseline during that period. These reductions as negotiated represent a reduction in future tax values and not an established contingent loss from any current or prior period; and, as such, no contingent liability has been recognized as the result of this Satisfaction Agreement by the District.

## MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

### Notes to Financial Statements

#### 14. 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 \$268,000 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.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

## MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

### 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  | \$ 65,079,800       | \$ 92,354,861 | \$ 87,552,221 |
| District's proportion of the net pension liability   | 0.27488%            | 0.26886%      | 0.26438%      |
| District's covered payroll   | \$ 25,251,511       | \$ 24,616,734 | \$ 23,223,554 |
| District's proportionate share of the net pension liability as a percentage of its covered payroll | 257.73%             | 375.17%       | 377.00%       |
| Plan fiduciary net position as a percentage of the total pension liability                         | 72.60%              | 59.72%        | 60.31%        |

See notes to required supplementary information.



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| Year Ended June 30, |               |               |               |               |
|---------------------|---------------|---------------|---------------|---------------|
| 2019                | 2018          | 2017          | 2016          | 2015          |
| \$ 78,855,692       | \$ 65,962,754 | \$ 60,749,883 | \$ 59,663,450 | \$ 51,491,103 |
| 0.26231%            | 0.25454%      | 0.24349%      | 0.24427%      | 0.23377%      |
| \$ 22,882,333       | \$ 21,839,968 | \$ 20,663,408 | \$ 20,586,664 | \$ 20,024,985 |
| 344.61%             | 302.03%       | 294.00%       | 289.82%       | 257.13%       |
| 62.36%              | 64.21%        | 63.27%        | 63.17%        | 66.20%        |

## MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

### 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                                  | \$ 9,389,712        | \$ 8,225,928       | \$ 7,371,239       |
| Contributions in relation to the statutorily required contribution | <u>(9,389,712)</u>  | <u>(8,225,928)</u> | <u>(7,371,239)</u> |
| Contribution deficiency (excess)                                   | <u>\$ -</u>         | <u>\$ -</u>        | <u>\$ -</u>        |
| District's covered payroll   | \$ 26,803,858       | \$ 25,138,864      | \$ 24,542,244      |
| Contributions as a percentage of covered payroll                   | 35.03%              | 32.72%             | 30.03%             |

See notes to required supplementary information.

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| Year Ended June 30, |               |               |               |               |
|---------------------|---------------|---------------|---------------|---------------|
| 2019                | 2018          | 2017          | 2016          | 2015          |
| \$ 7,012,396        | \$ 7,149,995  | \$ 5,942,369  | \$ 5,678,208  | \$ 4,588,921  |
| (3,294,801)         | (7,149,995)   | (5,942,369)   | (5,678,208)   | (4,588,921)   |
| <u>\$ -</u>         | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   |
| \$ 23,197,933       | \$ 22,745,058 | \$ 21,863,050 | \$ 21,226,163 | \$ 20,592,704 |
| 30.23%              | 31.44%        | 27.18%        | 26.75%        | 22.28%        |

## MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

### Required Supplementary Information

MPERS 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  | \$ 4,218,607        | \$ 14,783,043 | \$ 19,004,211 | \$ 21,310,806 | \$ 22,530,437 |
| District's proportion of the net OPEB liability   | 0.27638%            | 0.27594%      | 0.26477%      | 0.26810%      | 0.25442%      |
| District's covered payroll  | \$ 25,251,511       | \$ 24,616,734 | \$ 23,223,554 | \$ 22,882,333 | \$ 21,839,968 |
| District's proportionate share of the net OPEB liability as a percentage of its covered payroll | 16.71%              | 60.05%        | 81.83%        | 93.13%        | 103.36%       |
| 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.

## MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

### Required Supplementary Information

MPERS 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                                  | \$ 2,088,362        | \$ 2,039,612  | \$ 1,943,219  | \$ 1,806,936  | \$ 1,686,045  |
| Contributions in relation to the statutorily required contribution | (2,088,362)         | (2,039,612)   | (1,943,219)   | (1,806,936)   | (1,686,045)   |
| Contribution deficiency (excess)                                   | \$ -                | \$ -          | \$ -          | \$ -          | \$ -          |
| District's covered payroll   | \$ 26,803,858       | \$ 25,138,864 | \$ 24,542,244 | \$ 23,197,933 | \$ 22,745,058 |
| Contributions as a percentage of covered payroll                   | 7.79%               | 8.11%         | 7.92%         | 7.79%         | 7.41%         |

See notes to required supplementary information.

## MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

### 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**

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2022

|  | Special Revenue Funds   |                                    |                             |                   |
|--|-------------------------|------------------------------------|-----------------------------|-------------------|
|  | Food<br>Service<br>Fund | Student/School<br>Activity<br>Fund | Capital<br>Projects<br>Fund | Totals            |
| <b>Assets</b>                              |                         |                                    |                             |                   |
| Cash and investments                       | \$ 17,982               | \$ 58,016                          | \$ 708,361                  | \$ 784,359        |
| Accounts receivable                        | 2,309                   | -                                  | -                           | 2,309             |
| Inventory                                  | 1,678                   | -                                  | -                           | 1,678             |
| <b>Total assets</b>                        | <u>\$ 21,969</u>        | <u>\$ 58,016</u>                   | <u>\$ 708,361</u>           | <u>\$ 788,346</u> |
| <b>Liabilities</b>                         |                         |                                    |                             |                   |
| Accounts payable                           | \$ 9,608                | \$ 1,581                           | \$ 6,800                    | \$ 17,989         |
| Unearned revenue                           | 2,477                   | -                                  | -                           | 2,477             |
| <b>Total liabilities</b>                   | <u>12,085</u>           | <u>1,581</u>                       | <u>6,800</u>                | <u>20,466</u>     |
| <b>Fund balances</b>                       |                         |                                    |                             |                   |
| Nonspendable                               | 1,678                   | -                                  | -                           | 1,678             |
| Restricted                                 | 8,206                   | -                                  | -                           | 8,206             |
| Committed                                  | -                       | 56,435                             | 701,561                     | 757,996           |
| <b>Total fund balances</b>                 | <u>9,884</u>            | <u>56,435</u>                      | <u>701,561</u>              | <u>767,880</u>    |
| <b>Total liabilities and fund balances</b> | <u>\$ 21,969</u>        | <u>\$ 58,016</u>                   | <u>\$ 708,361</u>           | <u>\$ 788,346</u> |



## MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

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

Nonmajor Governmental Funds

For the Year Ended June 30, 2022

|                                    | Special Revenue Funds   |                                    |                             |                   |
|------------------------------------|-------------------------|------------------------------------|-----------------------------|-------------------|
|                                    | Food<br>Service<br>Fund | Student/School<br>Activity<br>Fund | Capital<br>Projects<br>Fund | Totals            |
| <b>Revenues</b>                    |                         |                                    |                             |                   |
| Local sources                      | \$ 10,269               | \$ 35,648                          | \$ 3,099                    | \$ 49,016         |
| State sources                      | 803                     | -                                  | -                           | 803               |
| Federal sources                    | 134,959                 | -                                  | -                           | 134,959           |
| <b>Total revenues</b>              | <u>146,031</u>          | <u>35,648</u>                      | <u>3,099</u>                | <u>184,778</u>    |
| <b>Expenditures</b>                |                         |                                    |                             |                   |
| Supporting services                | -                       | 34,656                             | 90                          | 34,746            |
| Food services                      | 176,736                 | -                                  | -                           | 176,736           |
| Capital outlay                     | -                       | -                                  | 248,401                     | 248,401           |
| <b>Total expenditures</b>          | <u>176,736</u>          | <u>34,656</u>                      | <u>248,491</u>              | <u>459,883</u>    |
| Revenues over (under) expenditures | (30,705)                | 992                                | (245,392)                   | (275,105)         |
| <b>Other financing sources</b>     |                         |                                    |                             |                   |
| Transfers in                       | 31,000                  | -                                  | 414,000                     | 445,000           |
| <b>Net change in fund balances</b> | 295                     | 992                                | 168,608                     | 169,895           |
| Fund balances, beginning of year   | 9,589                   | 55,443                             | 532,953                     | 597,985           |
| <b>Fund balances, end of year</b>  | <u>\$ 9,884</u>         | <u>\$ 56,435</u>                   | <u>\$ 701,561</u>           | <u>\$ 767,880</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 28, 2022

Board of Education  
Monroe County Intermediate School District  
Monroe, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Monroe County Intermediate School District** (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 28, 2022, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions 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 basic financial statements and certain other 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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## MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

### 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 Number | Approved Award/Grant Amount |
|---|---------------------------|----------------|------------------------------|-----------------------------|
| <b>U.S. Department of Agriculture</b>   |                           |                |                              |                             |
| Child Nutrition Cluster:  |                           |                |                              |                             |
| School Breakfast Program:   |                           |                |                              |                             |
| Seamless Summer Option (SSO) Breakfast  | 10.553                    | MDE            | 211971                       | \$ 3,736                    |
| Seamless Summer Option (SSO) Breakfast  | 10.553                    | MDE            | 221971                       | 31,481                      |
| National School Lunch Program:  |                           |                |                              |                             |
| Entitlement Commodities   | 10.555                    | MDE            | n/a                          | 9,060                       |
| Seamless Summer Option (SSO) Lunch  | 10.555                    | MDE            | 211961                       | 7,426                       |
| Seamless Summer Option (SSO) Lunch  | 10.555                    | MDE            | 221961                       | 61,360                      |
| COVID-19 - Emergency Operations - SNP Meals   | 10.555                    | MDE            | 211965                       | 10,326                      |
| Supply Chain Assistance   | 10.555                    | MDE            | 220910                       | 8,420                       |
| Extended Summer Food Service Program for Children   | 10.559                    | MDE            | 210904                       | 74,020                      |
| Total Child Nutrition Cluster   |                           |                |                              |                             |
| Child and Adult Care Food Program - Meals   | 10.558                    | MDE            | 211920                       | 56,850                      |
| Child and Adult Care Food Program - Meals   | 10.558                    | MDE            | 221920                       | 152,707                     |
| Child and Adult Care Food Program - Cash in Lieu  | 10.558                    | MDE            | 212010                       | 1,798                       |
| Child and Adult Care Food Program - Cash in Lieu  | 10.558                    | MDE            | 222010                       | 5,738                       |
| Child and Adult Care Food Program - Emergency Operations  | 10.558                    | MDE            | 211925                       | 26,222                      |
| COVID-19 - Pandemic EBT Administrative Costs  | 10.649                    | MDE            | 210980-2021                  | 614                         |
| <b>Total U.S. Department of Agriculture</b>   |                           |                |                              |                             |
| <b>U.S. Department of Labor</b>   |                           |                |                              |                             |
| WIOA Cluster -  |                           |                |                              |                             |
| WIOA Youth Activities:  |                           |                |                              |                             |
| 2020 - 2021   | 17.259                    | SEMCA          | 08-MCISD-0006                | 196,150                     |
| 2021 - 2022   | 17.259                    | SEMCA          | 08-MCISD-0006                | 177,254                     |
| <b>Total U.S. Department of Labor</b>   |                           |                |                              |                             |
| <b>U.S. Department of Treasury</b>  |                           |                |                              |                             |
| COVID-19 - Coronavirus State and Local Fiscal Recovery Funds -  |                           |                |                              |                             |
| 2021-2022 GSRP  | 21.027                    | MDE            | 222390-GSRP2122              | 184,938                     |
| <b>U.S. Department of Education</b>   |                           |                |                              |                             |
| Title I Grants to Local Educational Agencies - Program for Neglected and Delinquent Children and Youth - Part D - |                           |                |                              |                             |
| 2021 - 2022   | 84.010                    | MDE            | 221700-2122                  | 31,257                      |



| Accrued<br>(Unearned)<br>Revenue<br>July 1, 2021 | Adjustments<br>and Transfers | Current Year<br>Cash Received | Expenditures<br>(Memo Only)<br>Prior Year | Expenditures<br>Year Ended<br>June 30, 2022 | Accrued<br>(Unearned)<br>Revenue<br>June 30, 2022 | Total<br>Subawards |
|--|------------------------------|-------------------------------|---|---|---|--------------------|
| \$ -   | \$ -                         | \$ 3,736                      | \$ -                                      | \$ 3,736                                    | \$ -  | \$ -               |
| -  | -                            | 30,849                        | -   | 31,481                                      | 632   | -                  |
| -  | -                            | 34,585                        | -   | 35,217                                      | 632   | -                  |
| -  | -                            | 9,060                         | -   | 9,060                                       | -   | -                  |
| -  | -                            | 7,426                         | -   | 7,426                                       | -   | -                  |
| -  | -                            | 60,134                        | -   | 61,360                                      | 1,226   | -                  |
| -  | -                            | 10,326                        | -   | 10,326                                      | -   | -                  |
| -  | -                            | 8,420                         | -   | 8,420                                       | -   | -                  |
| -  | -                            | 95,366                        | -   | 96,592                                      | 1,226   | -                  |
| 16,700   | -                            | 19,236                        | 71,484                                    | 2,536                                       | -   | -                  |
| 16,700   | -                            | 149,187                       | 71,484                                    | 134,345                                     | 1,858   | -                  |
| 2,274  | -                            | 18,303                        | 40,821                                    | 16,029                                      | -   | -                  |
| -  | -                            | 145,117                       | -   | 152,707                                     | 7,590   | -                  |
| 71   | -                            | 679                           | 1,190                                     | 608   | -   | -                  |
| -  | -                            | 5,439                         | -   | 5,738                                       | 299   | -                  |
| -  | -                            | 26,222                        | -   | 26,222                                      | -   | -                  |
| 2,345  | -                            | 195,760                       | 42,011                                    | 201,304                                     | 7,889   | -                  |
| -  | -                            | 614                           | -   | 614   | -   | -                  |
| 19,045   | -                            | 345,561                       | 113,495                                   | 336,263                                     | 9,747   | -                  |
| 19,774   | -                            | 19,774                        | 196,150                                   | -   | -   | -                  |
| -  | -                            | 155,129                       | -   | 177,254                                     | 22,125  | -                  |
| 19,774   | -                            | 174,903                       | 196,150                                   | 177,254                                     | 22,125  | -                  |
| -  | -                            | 156,369                       | -   | 184,938                                     | 28,569  | 92,850             |
| -  | -                            | 21,128                        | -   | 22,741                                      | 1,613   | -                  |

continued...

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## 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 Number | Approved Award/Grant Amount |
|--|---------------------------|----------------|------------------------------|-----------------------------|
| <b>U.S. Department of Education (continued)</b>                            |                           |                |                              |                             |
| Special Education Cluster (IDEA):  |                           |                |                              |                             |
| 2019-2020 IDEA Flowthrough   | 84.027A                   | MDE            | 200450-1920                  | \$ 4,653,907                |
| 2020-2021 IDEA Flowthrough   | 84.027A                   | MDE            | 210450-20-21                 | 5,785,902                   |
| 2021-2022 IDEA Flowthrough   | 84.027A                   | MDE            | 220450-21-22                 | 4,844,591                   |
| COVID-19 - 2021-2022 ARP IDEA Flowthrough                                  | 84.027X                   | MDE            | 221280-21-22                 | 163,148                     |
| 2020-2021 General Supervision  | 84.027A                   | MDE            | 210493-GSSG                  | 151,800                     |
| 2021-2022 General Supervision  | 84.027A                   | MDE            | 220493-21-22                 | 151,792                     |
| 2020-2021 IDEA Preschool   | 84.173A                   | MDE            | 210460-20-21                 | 186,537                     |
| 2021-2022 IDEA Preschool   | 84.173A                   | MDE            | 220460-21-22                 | 188,415                     |
| COVID-19 - 2021-2022 ARP IDEA Preschool                                    | 84.173X                   | MDE            | 221285-21-22                 | 54,017                      |
| Total Special Education Cluster (IDEA)                                     |                           |                |                              |                             |
| Career and Technical Education - Basic Grants to States:                   |                           |                |                              |                             |
| Perkins 2020-2021  | 84.048                    | MDE            | 213520-21130                 | 228,999                     |
| Perkins 2021-2022  | 84.048                    | MDE            | 223520-221226                | 232,656                     |
| Special Education - Grants for Infants and Families:                       |                           |                |                              |                             |
| 2020 - 2021  | 84.181                    | MDE            | 211340-2021                  | 144,682                     |
| 2021 - 2022  | 84.181                    | MDE            | 221340-2122                  | 169,149                     |
| COVID-19 - ARP Infant and Toddler Formula Grant - EOARP                    | 84.181                    | MDE            | 221283-EOARP                 | 15,943                      |
| Education for Homeless Children and Youth:                                 |                           |                |                              |                             |
| 2020 - 2021  | 84.196                    | MDE            | 212320-2021                  | 11,734                      |
| 2021 - 2022  | 84.196                    | MDE            | 222320-2122                  | 21,137                      |
| English Language Acquisition State Grants - Title III, Part A -            |                           |                |                              |                             |
| 2021 - 2022  | 84.365                    | MDE            | 220580-2122                  | 583                         |
| COVID-19 - Education Stabilization Fund - ESSER II - Benchmark Assessments |                           |                |                              |                             |
| 2021 - 2022  | 84.425D                   | MDE            | 213762-2022                  | 863                         |
| <b>Total U.S. Department of Education</b>                                  |                           |                |                              |                             |

| Accrued<br>(Unearned)<br>Revenue<br>July 1, 2021 | Adjustments<br>and Transfers | Current Year<br>Cash Received | Expenditures<br>(Memo Only)<br>Prior Year | Expenditures<br>Year Ended<br>June 30, 2022 | Accrued<br>(Unearned)<br>Revenue<br>June 30, 2022 | Total<br>Subawards |
|--|------------------------------|-------------------------------|---|---|---|--------------------|
| \$ 964,028                                       | \$ -                         | \$ 964,028                    | \$ 4,653,907                              | \$ -  | \$ -  | \$ -               |
| 440,453  | -                            | 3,693,482                     | 2,101,506                                 | 3,684,396                                   | 431,367   | -                  |
| -  | -                            | 3,924,132                     | -   | 4,844,591                                   | 920,459   | -                  |
| -  | -                            | -                             | -   | 17,028                                      | 17,028  | -                  |
| 22,134   | -                            | 22,134                        | 151,800                                   | -   | -   | -                  |
| -  | -                            | 129,663                       | -   | 151,792                                     | 22,129  | -                  |
| 1,426,615  | -                            | 8,733,439                     | 6,907,213                                 | 8,697,807                                   | 1,390,983   | -                  |
| 39,044   | -                            | 39,044                        | 186,537                                   | -   | -   | -                  |
| -  | -                            | 151,653                       | -   | 188,415                                     | 36,762  | -                  |
| -  | -                            | 36,559                        | -   | 54,017                                      | 17,458  | -                  |
| 39,044   | -                            | 227,256                       | 186,537                                   | 242,432                                     | 54,220  | -                  |
| 1,465,659  | -                            | 8,960,695                     | 7,093,750                                 | 8,940,239                                   | 1,445,203   | -                  |
| 59,756   | -                            | 59,756                        | 228,999                                   | -   | -   | -                  |
| -  | -                            | 202,984                       | -   | 232,656                                     | 29,672  | -                  |
| 59,756   | -                            | 262,740                       | 228,999                                   | 232,656                                     | 29,672  | -                  |
| 15,051   | -                            | 15,051                        | 144,682                                   | -   | -   | -                  |
| -  | -                            | 149,847                       | -   | 169,149                                     | 19,302  | -                  |
| -  | -                            | 10,251                        | -   | 15,943                                      | 5,692   | -                  |
| 15,051   | -                            | 175,149                       | 144,682                                   | 185,092                                     | 24,994  | -                  |
| 3,570  | -                            | 7,463                         | 7,841                                     | 3,893                                       | -   | -                  |
| -  | -                            | 2,960                         | -   | 21,137                                      | 18,177  | 21,138             |
| 3,570  | -                            | 10,423                        | 7,841                                     | 25,030                                      | 18,177  | 21,138             |
| -  | -                            | 583                           | -   | 583   | -   | -                  |
| -  | -                            | 863                           | -   | 863   | -   | -                  |
| 1,544,036  | -                            | 9,431,581                     | 7,475,272                                 | 9,407,204                                   | 1,519,659   | 21,138             |

continued...

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## 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 Number | Approved Award/Grant Amount |
|---|---------------------------|----------------|------------------------------|-----------------------------|
| <b>U.S. Department of Health and Human Services</b>   |                           |                |                              |                             |
| Every Student Succeeds Act/Preschool Development Grants - Birth to Five Literacy Support Network Hubs Grant | 93.434                    | JCISD          | 223962                       | \$ 7,739                    |
| Community-Based Child Abuse Prevention Grants - Children's Trust Funds 20-21                                | 93.590                    | MDHHS          | n/a                          | 36,491                      |
| Head Start Cluster:   |                           |                |                              |                             |
| Head Start:   |                           |                |                              |                             |
| 2020 - 2021   | 93.600                    | Direct         | 05CH010567-03-C3             | 230,369                     |
| 2020 - 2021   | 93.600                    | Direct         | 05CH010567-03                | 2,826,810                   |
| 2021 - 2022   | 93.600                    | Direct         | 05CH010567-04-00             | 2,963,909                   |
| 2021 - 2022   | 93.600                    | Direct         | 05HE00023641-01              | 291,026                     |
| 2021 - 2022   | 93.600                    | Direct         | 05CH010567-04-01             | 134,580                     |
| Early Head Start:   |                           |                |                              |                             |
| 2020 - 2021   | 93.600                    | Direct         | 05CH011523-01-C3             | 42,183                      |
| 2020 - 2021   | 93.600                    | Direct         | 05CH011523-01                | 348,961                     |
| 2021 - 2022   | 93.600                    | Direct         | 05CH011523-01                | 380,066                     |
| Medicaid Cluster -  |                           |                |                              |                             |
| Medical Assistance Program - Medicaid Administrative Outreach 21-22   | 93.778                    | MDHHS          | n/a                          | 113,263                     |
| Block Grants for Prevention and Treatment of Substance Abuse:   |                           |                |                              |                             |
| Prevention 2020 - 2021  | 93.959                    | CMHPSM         | n/a                          | 119,190                     |
| Prevention 2021 - 2022  | 93.959                    | CMHPSM         | n/a                          | 87,204                      |
| COVID-19 - ARPA Prevention 2021 - 2022  | 93.959                    | CMHPSM         | n/a                          | 895                         |

**Total U.S. Department of Health and Human Services**

**Total Federal Financial Assistance**

See notes to schedule of expenditures of federal awards.

| Accrued<br>(Unearned)<br>Revenue<br>July 1, 2021 | Adjustments<br>and Transfers | Current Year<br>Cash Received | Expenditures<br>(Memo Only)<br>Prior Year | Expenditures<br>Year Ended<br>June 30, 2022 | Accrued<br>(Unearned)<br>Revenue<br>June 30, 2022 | Total<br>Subawards |
|--|------------------------------|-------------------------------|---|---|---|--------------------|
| \$ -   | \$ -                         | \$ 7,739                      | \$ -                                      | \$ 7,739                                    | \$ -  | \$ -               |
| (3,638)  | 9,515                        | 11,502                        | 30,866                                    | 5,625                                       | -   | -                  |
| 40,486   | -                            | 40,486                        | 230,369                                   | -   | -   | -                  |
| 1,048,097  | -                            | 1,048,097                     | 2,826,810                                 | -   | -   | -                  |
| -  | -                            | 1,102,638                     | -   | 2,963,909                                   | 1,861,271   | -                  |
| -  | -                            | 201,210                       | -   | 291,026                                     | 89,816  | -                  |
| -  | -                            | -                             | -   | 134,580                                     | 134,580   | -                  |
| 3,359  | -                            | 3,359                         | 42,183                                    | -   | -   | -                  |
| 112,609  | -                            | 112,609                       | 348,961                                   | -   | -   | -                  |
| -  | -                            | 157,539                       | -   | 380,066                                     | 222,527   | -                  |
| 1,204,551  | -                            | 2,665,938                     | 3,448,323                                 | 3,769,581                                   | 2,308,194   | -                  |
| -  | -                            | 69,166                        | -   | 113,263                                     | 44,097  | -                  |
| 24,236   | (6,763)                      | 48,844                        | 87,819                                    | 31,371                                      | -   | -                  |
| -  | -                            | 66,734                        | -   | 87,204                                      | 20,470  | -                  |
| -  | -                            | -                             | -   | 895   | 895   | -                  |
| 24,236   | (6,763)                      | 115,578                       | 87,819                                    | 119,470                                     | 21,365  | -                  |
| 1,225,149  | 2,752                        | 2,869,923                     | 3,567,008                                 | 4,015,678                                   | 2,373,656   | -                  |
| \$ 2,808,004                                     | \$ 2,752                     | \$ 12,978,337                 | \$ 11,351,925                             | \$ 14,121,337                               | \$ 3,953,756                                      | \$ 113,988         |

concluded.

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Schedule of Expenditures of Federal Awards Provided to Subrecipients

For the Year Ended June 30, 2022

| Federal Grantor / Pass-Through Grantor / Program Title                     | Assistance Listing Number | Current Year Cash Transferred to Subrecipient |
|--|---------------------------|---|
| <b>U.S. Department of Treasury</b>   |                           |   |
| COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - 2021 - 2022 | 21.027                    |   |
| Passed through to:   |                           |   |
| Summerfield Schools  |                           | \$ 82,832                                     |
| Discover our World Too   |                           | 10,018  |
|  |                           | <hr/>   |
| <b>Total U.S. Department of Treasury</b>                                   |                           | <hr/> 92,850                                  |
| <b>U.S. Department of Education</b>  |                           |   |
| Education for Homeless Children and Youth - 2021 - 2022                    | 84.196                    |   |
| Passed through to:   |                           |   |
| Bedford Public Schools   |                           | 8,817   |
| Dundee Community Schools   |                           | 3,631   |
| Ida Public Schools   |                           | 87  |
| Jefferson Schools  |                           | 1,058   |
| Monroe Public Schools  |                           | 6,971   |
| Whiteford Agricultural Schools   |                           | 574   |
|  |                           | <hr/>   |
| <b>Total U.S. Department of Education</b>                                  |                           | <hr/> 21,138                                  |
| <b>Total subawards</b>   |                           | <hr/> \$ 113,988                              |

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## 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 the Monroe County Intermediate School District (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 shown on the Schedule, if any, 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. 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% de minimis cost rate as permitted by §200.414 of the Uniform Guidance.

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes to Schedule of Expenditures of Federal Awards

### 3. RECONCILIATION OF BASIC FINANCIAL STATEMENTS

A reconciliation of revenues from federal sources per governmental funds financial statements and expenditures per single audit act compliance schedule of expenditures of federal awards is as follows:

|  |                             |
|--|-----------------------------|
| Federal revenues as reported in the financial statements               | \$ 14,128,301               |
| Federal assistance received as beneficiary                             | <u>(6,964)</u>              |
| <b>Expenditures per the schedule of expenditures of federal awards</b> | <b><u>\$ 14,121,337</u></b> |

### 4. PASS-THROUGH AGENCIES

The District receives certain federal grant 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<br/>Agency<br/>Abbreviation</b> | <b>Pass-through Agency Name</b>                           |
|---|---|
| MDE   | Michigan Department of Education                          |
| SEMCA   | Southeast Michigan Community Alliance                     |
| JCISD   | Jackson County Intermediate School District               |
| MDHHS   | Michigan Department of Health and Human Services          |
| CMHPSM  | Community Mental Health Partnership of Southeast Michigan |

■ ■ ■ ■ ■



**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 28, 2022

Board of Education  
Monroe County Intermediate School District  
Monroe, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Monroe County Intermediate School District** (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 28, 2022.

**Report on 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 or significant deficiencies may exist that have not been identified.



## **Report on 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 "Lehmann Johnson LLC". The signature is written in a cursive, flowing style.

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

October 28, 2022

Board of Education  
Monroe County Intermediate School District  
Monroe, Michigan

### Report on Compliance for the Major Federal Program

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

We have audited the compliance of the **Monroe County Intermediate School District** (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 the 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.

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

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# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## 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 major program:

| <u>Assistance Listing Number</u> | <u>Name of Federal Program or Cluster</u> | <u>Type of Report</u> |
|----------------------------------|---|-----------------------|
| 84.027 and 84.173                | Special Education Cluster                 | Unmodified            |

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

Auditee qualified as low-risk auditee?       X       yes                    no

## MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

### **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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## MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

### **Summary Schedule of Prior Audit Findings**

For the Year Ended June 30, 2022

None reported.

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