

Monroe County
Intermediate
School District



Year Ended
June 30, 2021

Financial
Statements and
Single Audit Act
Compliance

Rehmann

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MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	5
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet – Governmental Funds	18
Reconciliation of Fund Balances of Governmental Funds to Net Position of Governmental Activities	19
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	20
Reconciliation of Net Changes in Fund Balances of Governmental Funds to Change in Net Position of Governmental Activities	21
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual –	
General Fund	22
Special Education Fund	23
Statement of Fiduciary Net Position – Fiduciary Fund	24
Statement of Changes in Fiduciary Net Position – Fiduciary Fund	25
Notes to Financial Statements	27
Required Supplementary Information	
MPSERS Cost-Sharing Multiple Employer Plan:	
Schedule of the District's Proportionate Share of the Net Pension Liability	52
Schedule of the District's Pension Contributions	54
Schedule of the District's Proportionate Share of the Net Other Postemployment Benefit Liability	56
Schedule of the District's Other Postemployment Benefit Contributions	57
Notes to Required Supplementary Information	58
Combining Fund Financial Statements	
Combining Balance Sheet – Nonmajor Governmental Funds	60
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	61

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Table of Contents

	<u>Page</u>
Single Audit Act Compliance	
Independent Auditors' Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	65
Schedule of Expenditures of Federal Awards	68
Schedule of Expenditures of Federal Awards Provided to Subrecipients	74
Notes to Schedule of Expenditures of Federal Awards	75
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	77
Independent Auditors' Report on Compliance for the Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance	79
Schedule of Findings and Questioned Costs	81
Summary Schedule of Prior Audit Findings	83



INDEPENDENT AUDITORS' REPORT

November 1, 2021

Board of Education
Monroe County Intermediate School District
Monroe, Michigan

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Monroe County Intermediate School District as of June 30, 2021, and the respective changes in financial position thereof 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.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining fund financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining 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 November 1, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Lehmann Lobson 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, 2021. Please read it in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

· Total net position	\$(55,129,472)
· Change in total net position	(2,276,380)
· Fund balances, governmental funds	29,467,913
· Change in fund balances, governmental funds	2,588,924
· Unassigned fund balance, general fund	8,936,571
· Change in fund balance, general fund	286,038

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 \$55,129,472 at the close of the most recent fiscal year.

The District's investment in capital assets was \$5,340,674 at June 30, 2021. 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	
	2021	2020
Assets		
Current and other assets	\$ 39,939,963	\$ 34,571,960
Capital assets, net	5,340,674	5,474,332
Total assets	<u>45,280,637</u>	<u>40,046,292</u>
Deferred outflows of resources	<u>30,208,702</u>	<u>33,473,596</u>
Liabilities		
Current and other liabilities	117,400,307	113,960,613
Long-term debt	1,721,889	1,562,339
Total liabilities	<u>119,122,196</u>	<u>115,522,952</u>
Deferred inflows of resources	<u>11,496,615</u>	<u>10,850,028</u>
Net position		
Investment in capital assets	5,340,674	5,474,332
Restricted	19,202,328	17,205,850
Unrestricted (deficit)	<u>(79,672,474)</u>	<u>(75,533,274)</u>
Total net position	<u><u>\$ (55,129,472)</u></u>	<u><u>\$ (52,853,092)</u></u>

The District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in fiscal year 2015 and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, in fiscal year 2018. In addition to expanded disclosure requirements, the District is required to report its proportionate share of the MPSERS net pension liability and net other postemployment benefit liability on the statement of net position. This change has resulted in a negative total net position of governmental activities of \$55,129,472. Of this amount, \$(79,672,474) is unrestricted net position (deficit) and \$19,202,328 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 2021.

	Change in Net Position	
	2021	2020
Program revenues		
Charges for services	\$ 15,132	\$ 65,562
Operating grants and contributions	35,169,245	32,037,916
General revenues		
Property taxes	29,368,587	28,840,809
Unrestricted state aid	1,639,398	1,639,398
Unrestricted investment earnings	105,954	155,980
Total revenues	<u>66,298,316</u>	<u>62,739,665</u>
Function/program expenses		
Instruction	21,212,562	21,151,445
Supporting services	30,455,445	29,497,471
Community services	1,218,988	1,184,952
Food services	146,733	152,944
Interdistrict payments	15,540,968	15,297,793
Total expenses	<u>68,574,696</u>	<u>67,284,605</u>
Change in net position	(2,276,380)	(4,544,940)
Net position, beginning of year	<u>(52,853,092)</u>	<u>(48,308,152)</u>
Net position, end of year	<u><u>\$ (55,129,472)</u></u>	<u><u>\$ (52,853,092)</u></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 \$68,574,696. Certain activities were partially funded from those who benefited from the programs which totaled \$15,132. Activities funded by other governments and organizations that subsidized certain programs with grants and contributions totaled \$35,169,245. The District paid for the remaining "public benefit" portion of governmental activities with \$29,368,587 in taxes, \$1,639,398 in unrestricted state aid, and with other revenues, (i.e., interest and general entitlements). The District experienced a decrease in net position of \$2,276,380 during the current year. The decrease in net position was primarily due to an increase in pension related expenses.

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 \$29,467,913, an increase of \$2,588,924 from the prior year. Approximately 30% 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 (\$121,627), restricted (\$19,034,407), committed (\$588,396), or assigned (\$786,912).

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 \$8,936,571. 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 38% of total general fund expenditures.

During the current fiscal year, the fund balance in the District's general fund increased by \$286,038, as compared with the increase during the 2019-20 school year of \$705,491. This was primarily the result of increased cost of operations to have on-site work during the continuing COVID-19 pandemic.

Special Education Fund. During the current fiscal year, fund balance in the District's special education fund increased by \$2,052,972, and the ending fund balance was \$19,046,856. Fund balance increased due to increases in local taxes and Medicaid revenues. Interdistrict payments for those revenue items are reimbursement-based and are a part of next year's calculations. The ongoing operational issues due to COVID-19 reduced certain spending in 2020-21 due to the inability to fully hire in all positions to be fully staffed to the budget.

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.

Actual revenue was below final budgeted amounts by approximately \$1.9 million due primarily to revenue from state sources deferred as unearned at year end. Actual expenditures were less than final budgeted amounts by approximately \$3 million due to conservative budgeting practices by the District and unspent grant budgets that will be carried over to the next year.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Management's Discussion and Analysis

Special Education Fund Budgetary Highlights

The original budget was modified during the year as additional information was known. Actual revenues were below final budgeted amounts by approximately \$1.4 million due to unspent grant budgets that will be carried over to the next year. Actual expenditures were below final budgeted amounts by approximately \$3.4 million due to conservative budgeting practices by the District, unfilled positions budgeted for and unspent grant budgets that will be carried over to the next year.

Capital Assets and Debt Administration

The District's investment in capital assets for its governmental activities as of June 30, 2021, totaled \$5,340,674 (net of accumulated depreciation), as compared to prior year's investment of \$5,474,332. 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:

• New playground for Head Start	\$ 40,543
• New bus	65,276
• Assistive communication devices	95,175
• Commercial laundry equipment	10,530
• Additional office renovation furniture	10,885
• Special education lift and scale	7,025
• Furniture grouping for renovations	196,955

District's Capital Assets (net of depreciation)		
	2021	2020
Land	\$ 127,382	\$ 127,382
Buildings and improvements	4,397,552	4,599,413
Buses and other vehicles	354,875	387,084
Furniture and equipment	460,865	360,453
Total	<u>\$ 5,340,674</u>	<u>\$ 5,474,332</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.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Management's Discussion and Analysis

Economic Factors and Next Year's Budget and Rates

Our elected officials and administration consider many factors when setting the District's 2021-2022 fiscal year budgets. The 2021-2022 budget was adopted in June 2021.

The District relies heavily upon property taxes as a funding source, receiving approximately 44% 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. While the State's categorical funding to Intermediate School Districts has remained virtually unchanged over the past decade, 2020-21 included a second year of an additional 2% State reimbursement of Special Education costs for all LEAs and ISDs.

The overall financial position of the District at June 30, 2021 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 federal appropriations, changes in property tax values, and increases in operational costs.

The budget for the year ended June 30, 2022 was adopted in June 2021 when there was a high degree of uncertainty related to the funding and operations for districts in the State of Michigan due to the novel coronavirus outbreak (COVID-19). In addition, the District is continuously evaluating the impacts of the pandemic as it determines the appropriate methods to deliver education to students in a safe environment. These factors will have a significant impact on the operational and financial performance of the District.

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, 2021

	Governmental Activities
Assets	
Cash and investments	\$ 32,565,092
Receivables, net	7,253,244
Prepaid items and other assets	121,627
Capital assets not being depreciated	127,382
Capital assets being depreciated, net	<u>5,213,292</u>
Total assets	<u>45,280,637</u>
Deferred outflows of resources	
Deferred pension amounts	21,994,236
Deferred other postemployment benefit amounts	<u>8,214,466</u>
Total deferred outflows of resources	<u>30,208,702</u>
Liabilities	
Accounts payable and accrued liabilities	6,251,307
Unearned revenue	4,011,096
Long-term debt:	
Due within one year	172,189
Due in more than one year	1,549,700
Net pension liability (due in more than one year)	92,354,861
Net other postemployment benefit liability (due in more than one year)	<u>14,783,043</u>
Total liabilities	<u>119,122,196</u>
Deferred inflows of resources	
Deferred pension amounts	269,822
Deferred other postemployment benefit amounts	<u>11,226,793</u>
Total deferred inflows of resources	<u>11,496,615</u>
Net position	
Investment in capital assets	5,340,674
Restricted for:	
Special education	19,192,739
Food service	9,589
Unrestricted (deficit)	<u>(79,672,474)</u>
Total net position	<u>\$ (55,129,472)</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, 2021

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Governmental activities				
Instruction	\$ 21,212,562	\$ 12,000	\$ 31,762,429	\$ 10,561,867
Supporting services	30,455,445	-	13,613	(30,441,832)
Community services	1,218,988	-	-	(1,218,988)
Food services	146,733	3,132	87,244	(56,357)
Interdistrict payments	15,540,968	-	3,305,959	(12,235,009)
Total	<u>\$ 68,574,696</u>	<u>\$ 15,132</u>	<u>\$ 35,169,245</u>	<u>(33,390,319)</u>
General revenues				
Property taxes				29,368,587
Unrestricted state aid				1,639,398
Unrestricted investment earnings				<u>105,954</u>
Total general revenues				<u>31,113,939</u>
Change in net position				(2,276,380)
Net position, beginning of year				<u>(52,853,092)</u>
Net position, end of year				<u>\$ (55,129,472)</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, 2021

	General Fund	Special Education Fund	Nonmajor Governmental Funds	Totals
Assets				
Cash and investments	\$ 11,398,119	\$ 20,577,257	\$ 589,716	\$ 32,565,092
Accounts receivable	3,308,230	3,708,496	16,775	7,033,501
Taxes receivable, net	66,475	153,268	-	219,743
Inventory	-	2,669	2,431	5,100
Prepaid items	99,589	16,938	-	116,527
Total assets	<u>\$ 14,872,413</u>	<u>\$ 24,458,628</u>	<u>\$ 608,922</u>	<u>\$ 39,939,963</u>
Liabilities				
Accounts payable	\$ 1,358,390	\$ 880,706	\$ 8,493	\$ 2,247,589
Accrued payroll and other liabilities	838,262	3,165,456	-	4,003,718
Unearned revenue	2,788,925	1,219,727	2,444	4,011,096
Total liabilities	<u>4,985,577</u>	<u>5,265,889</u>	<u>10,937</u>	<u>10,262,403</u>
Deferred inflows of resources				
Unavailable revenue - taxes receivable	63,764	145,883	-	209,647
Fund balances				
Nonspendable:				
Inventory	-	2,669	2,431	5,100
Prepaid items	99,589	16,938	-	116,527
Restricted for:				
Special education	-	19,027,249	-	19,027,249
Food service	-	-	7,158	7,158
Committed for:				
Student/school activities	-	-	55,443	55,443
Capital projects	-	-	532,953	532,953
Assigned for -				
Monroe County Middle College	786,912	-	-	786,912
Unassigned	8,936,571	-	-	8,936,571
Total fund balances	<u>9,823,072</u>	<u>19,046,856</u>	<u>597,985</u>	<u>29,467,913</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 14,872,413</u>	<u>\$ 24,458,628</u>	<u>\$ 608,922</u>	<u>\$ 39,939,963</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, 2021

Fund balances - total governmental funds	\$ 29,467,913
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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	209,647
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Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.

Capital assets not being depreciated	127,382
Capital assets being depreciated, net	5,213,292

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	(1,721,889)
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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	(92,354,861)
Deferred outflows related to the net pension liability	21,994,236
Deferred inflows related to the net pension liability	(269,822)
Net other postemployment benefit liability	(14,783,043)
Deferred outflows related to the net other postemployment benefit liability	8,214,466
Deferred inflows related to the net other postemployment benefit liability	(11,226,793)

Net position of governmental activities	<u><u>\$ (55,129,472)</u></u>
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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, 2021

	General Fund	Special Education Fund	Nonmajor Governmental Funds	Totals
Revenues				
Local sources	\$ 8,223,610	\$ 23,224,268	\$ 18,077	\$ 31,465,955
State sources	7,261,235	12,689,325	1,472	19,952,032
Federal sources	4,012,159	7,556,493	84,861	11,653,513
Interdistrict sources	3,260,621	45,338	-	3,305,959
Total revenues	<u>22,757,625</u>	<u>43,515,424</u>	<u>104,410</u>	<u>66,377,459</u>
Expenditures				
Education:				
Instruction	5,510,816	13,853,244	-	19,364,060
Supporting services	8,917,980	18,694,878	14,313	27,627,171
Community services	822,945	295,208	-	1,118,153
Food services	-	-	138,183	138,183
Interdistrict payments	8,045,315	7,495,653	-	15,540,968
Total expenditures	<u>23,297,056</u>	<u>40,338,983</u>	<u>152,496</u>	<u>63,788,535</u>
Revenues over (under) expenditures	<u>(539,431)</u>	<u>3,176,441</u>	<u>(48,086)</u>	<u>2,588,924</u>
Other financing sources (uses)				
Transfers in	1,324,200	398,731	298,000	2,020,931
Transfers out	(498,731)	(1,522,200)	-	(2,020,931)
Total other financing sources (uses)	<u>825,469</u>	<u>(1,123,469)</u>	<u>298,000</u>	<u>-</u>
Net change in fund balances	<u>286,038</u>	<u>2,052,972</u>	<u>249,914</u>	<u>2,588,924</u>
Fund balances, beginning of year	<u>9,537,034</u>	<u>16,993,884</u>	<u>348,071</u>	<u>26,878,989</u>
Fund balances, end of year	<u><u>\$ 9,823,072</u></u>	<u><u>\$ 19,046,856</u></u>	<u><u>\$ 597,985</u></u>	<u><u>\$ 29,467,913</u></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, 2021

Net change in fund balances - total governmental funds \$ 2,588,924

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 (79,143)

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 229,434

Depreciation expense (361,993)

Loss on disposal of capital assets (1,099)

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 (6,611,354)

Change in the net other postemployment benefit liability and related deferred amounts 2,118,401

Change in the accrual for compensated absences (159,550)

Change in net position of governmental activities \$ (2,276,380)

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, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Local sources	\$ 8,191,920	\$ 8,471,925	\$ 8,223,610	\$ (248,315)
State sources	6,874,605	8,432,654	7,261,235	(1,171,419)
Federal sources	4,400,247	4,539,249	4,012,159	(527,090)
Interdistrict sources	3,292,681	3,247,328	3,260,621	13,293
Total revenues	<u>22,759,453</u>	<u>24,691,155</u>	<u>22,757,625</u>	<u>(1,933,530)</u>
Expenditures				
Education:				
Instruction:				
Basic programs	5,778,613	5,800,006	5,355,642	(444,364)
Added needs	10,000	162,818	155,174	(7,644)
Total instruction	<u>5,788,613</u>	<u>5,962,824</u>	<u>5,510,816</u>	<u>(452,008)</u>
Supporting services:				
Pupil services	1,310,888	1,438,255	1,349,950	(88,305)
Instructional support	2,818,305	3,422,033	2,706,347	(715,686)
General administration	543,739	556,072	465,257	(90,815)
School administration	408,488	397,667	373,968	(23,699)
Business services	1,263,292	1,269,979	1,192,160	(77,819)
Operations and maintenance	501,984	619,955	463,291	(156,664)
Central support	2,311,756	2,388,813	2,077,408	(311,405)
Transportation	429,856	578,420	289,599	(288,821)
Total supporting services	<u>9,588,308</u>	<u>10,671,194</u>	<u>8,917,980</u>	<u>(1,753,214)</u>
Community services	<u>876,243</u>	<u>1,029,762</u>	<u>822,945</u>	<u>(206,817)</u>
Interdistrict payments	<u>8,084,150</u>	<u>8,619,628</u>	<u>8,045,315</u>	<u>(574,313)</u>
Total expenditures	<u>24,337,314</u>	<u>26,283,407</u>	<u>23,297,056</u>	<u>(2,986,351)</u>
Revenues under expenditures	<u>(1,577,861)</u>	<u>(1,592,253)</u>	<u>(539,431)</u>	<u>1,052,822</u>
Other financing sources (uses)				
Transfers in	1,281,719	1,332,975	1,324,200	(8,775)
Transfers out	<u>(498,731)</u>	<u>(498,731)</u>	<u>(498,731)</u>	<u>-</u>
Total other financing sources (uses)	<u>782,988</u>	<u>834,244</u>	<u>825,469</u>	<u>(8,775)</u>
Net change in fund balance	<u>(794,873)</u>	<u>(758,009)</u>	<u>286,038</u>	<u>1,044,047</u>
Fund balance, beginning of year	<u>9,537,034</u>	<u>9,537,034</u>	<u>9,537,034</u>	<u>-</u>
Fund balance, end of year	<u>\$ 8,742,161</u>	<u>\$ 8,779,025</u>	<u>\$ 9,823,072</u>	<u>\$ 1,044,047</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, 2021

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Local sources	\$ 23,034,911	\$ 24,484,161	\$ 23,224,268	\$ (1,259,893)
State sources	10,957,435	12,711,281	12,689,325	(21,956)
Federal sources	11,155,996	7,660,146	7,556,493	(103,653)
Interdistrict sources	20,834	52,200	45,338	(6,862)
Total revenues	<u>45,169,176</u>	<u>44,907,788</u>	<u>43,515,424</u>	<u>(1,392,364)</u>
Expenditures				
Education:				
Instruction -				
Added needs	<u>19,390,867</u>	<u>16,190,480</u>	<u>13,853,244</u>	<u>(2,337,236)</u>
Supporting services:				
Pupil services	14,322,390	14,544,862	13,857,662	(687,200)
Instructional support	2,295,277	2,448,768	2,309,092	(139,676)
General administration	51,425	67,819	65,963	(1,856)
School administration	414,220	438,538	448,614	10,076
Business services	172,366	139,182	111,784	(27,398)
Operations and maintenance	742,925	928,186	758,933	(169,253)
Central support	313,260	326,116	262,094	(64,022)
Transportation	1,137,595	998,269	880,736	(117,533)
Total supporting services	<u>19,449,458</u>	<u>19,891,740</u>	<u>18,694,878</u>	<u>(1,196,862)</u>
Community services	<u>506,965</u>	<u>364,534</u>	<u>295,208</u>	<u>(69,326)</u>
Interdistrict payments	<u>7,081,800</u>	<u>7,313,366</u>	<u>7,495,653</u>	<u>182,287</u>
Total expenditures	<u>46,429,090</u>	<u>43,760,120</u>	<u>40,338,983</u>	<u>(3,421,137)</u>
Revenues over (under) expenditures	<u>(1,259,914)</u>	<u>1,147,669</u>	<u>3,176,441</u>	<u>2,028,772</u>
Other financing sources (uses)				
Transfers in	398,731	398,731	398,731	-
Transfers out	<u>(1,833,871)</u>	<u>(1,552,974)</u>	<u>(1,522,200)</u>	<u>(30,774)</u>
Total other financing sources (uses)	<u>(1,435,140)</u>	<u>(1,154,243)</u>	<u>(1,123,469)</u>	<u>(30,774)</u>
Net change in fund balance	<u>(2,695,054)</u>	<u>(6,575)</u>	<u>2,052,972</u>	<u>2,059,547</u>
Fund balance, beginning of year	<u>16,993,884</u>	<u>16,993,884</u>	<u>16,993,884</u>	<u>-</u>
Fund balance, end of year	<u>\$ 14,298,830</u>	<u>\$ 16,987,309</u>	<u>\$ 19,046,856</u>	<u>\$ 2,059,547</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, 2021

	Custodial Fund
Assets	
Cash and investments	\$ 20,417
Liabilities	
Accounts payable	<u>834</u>
Net position	
Restricted for other groups	<u><u>\$ 19,583</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, 2021

	Custodial Fund
Additions	
Private donations and contributions	\$ 10,040
Interest	<u>85</u>
Total additions	10,125
Deductions	
Payments to other groups	<u>10,168</u>
Change in net position	(43)
Net position, beginning of year	<u>19,626</u>
Net position, end of year	<u><u>\$ 19,583</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 position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District 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 position 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, 2021, the District incurred certain expenditures in excess of the amounts appropriated as follows:

	Final Budget	Actual Expenditures	Over Budget
Special Education Fund			
Supporting services -			
School administration	\$ 438,538	\$ 448,614	\$ 10,076
Interdistrict payments	7,313,366	7,495,653	182,287

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	\$ 32,565,092
----------------------	---------------

Statement of fiduciary net position

Cash and investments	20,417
	<u>\$ 32,585,509</u>

Bank deposits (checking and savings accounts)	\$ 11,859,724
Investments	<u>20,725,785</u>
	<u>\$ 32,585,509</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, 2021, the District had the following investments.

Investment	Maturity	Fair Value
Fifth Third Securities:		
Cash	n/a	\$ 101,422
Commercial paper	< 1 year	8,995,190
U.S. agencies	< 1 year	7,816,495
U.S. agencies	1-5 years	1,289,543
U.S. treasuries	< 1 year	<u>2,523,135</u>
		<u>\$ 20,725,785</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, 2021, the District's investments were rated by Standard & Poor's as follows:

	Rating
AA+	\$ 11,629,173
A-1+	3,296,790
A-1	5,448,600
A-2	249,800
Not rated	<u>101,422</u>
	<u>\$ 20,725,785</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, \$11,502,518 of the District's bank balance of \$12,002,518 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, 2021 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	\$ 3,308,230	\$ 3,708,496	\$ 16,775	\$ 7,033,501
Property taxes	161,104	444,583	-	605,687
Less: allowance for uncollectible accounts	(94,629)	(291,315)	-	(385,944)
	<u>\$ 3,374,705</u>	<u>\$ 3,861,764</u>	<u>\$ 16,775</u>	<u>\$ 7,253,244</u>

The District has estimated that \$128,842 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, 2021 was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets not being depreciated -					
Land	\$ 127,382	\$ -	\$ -	\$ -	\$ 127,382
Capital assets being depreciated:					
Buildings and improvements	9,333,626	10,885	-	-	9,344,511
Buses and other vehicles	1,537,076	65,276	95,964	-	1,506,388
Furniture and equipment	1,028,064	153,273	10,990	-	1,170,347
	<u>11,898,766</u>	<u>229,434</u>	<u>106,954</u>	<u>-</u>	<u>12,021,246</u>
Less accumulated depreciation for:					
Buildings and improvements	4,734,213	212,746	-	-	4,946,959
Buses and other vehicles	1,149,992	97,485	95,964	-	1,151,513
Furniture and equipment	667,611	51,762	9,891	-	709,482
	<u>6,551,816</u>	<u>361,993</u>	<u>105,855</u>	<u>-</u>	<u>6,807,954</u>
Total capital assets being depreciated, net	<u>5,346,950</u>	<u>(132,559)</u>	<u>1,099</u>	<u>-</u>	<u>5,213,292</u>
Capital assets, net	<u>\$ 5,474,332</u>	<u>\$ (132,559)</u>	<u>\$ 1,099</u>	<u>\$ -</u>	<u>\$ 5,340,674</u>

Depreciation expense of \$353,443 and \$8,550 was reported on the statement of activities as "supporting services" and "food services", respectively.

6. PAYABLES

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

	General Fund	Special Education Fund	Nonmajor Governmental Funds	Totals
Accounts payable	\$ 1,358,390	\$ 880,706	\$ 8,493	\$ 2,247,589
Accrued payroll and other liabilities	838,262	3,165,456	-	4,003,718
	<u>\$ 2,196,652</u>	<u>\$ 4,046,162</u>	<u>\$ 8,493</u>	<u>\$ 6,251,307</u>

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

7. INTERFUND TRANSFERS

For the year ended June 30, 2021, interfund transfers consisted of the following:

	Transfers in	Transfers out
General fund	\$ 1,324,200	\$ 498,731
Special education fund	398,731	1,522,200
Nonmajor governmental funds	298,000	-
	<u>\$ 2,020,931</u>	<u>\$ 2,020,931</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, 2021, 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, 2021, are summarized as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Amount Due Within One Year
Compensated absences	<u>\$ 1,562,339</u>	<u>\$ 321,600</u>	<u>\$ 162,050</u>	<u>\$ 1,721,889</u>	<u>\$ 172,189</u>

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

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

9. OPERATING LEASE

The District has lease agreements to lease copiers, postage, and mail equipment. The lease agreements are for 60 months at a charge of \$1,631 per month. Rental expense for 2021 was \$19,571.

Scheduled future minimum lease payments are as follows:

Year Ending June 30	Amount
2022	\$ 19,571
2023	<u>1,829</u>
	<u>\$ 21,400</u>

10. RISK MANAGEMENT

The District is exposed to various risks of loss related to property loss, torts, errors, and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The District has purchased commercial insurance for 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.

11. 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.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

12. TAX ABATEMENTS

The District received reduced property tax revenues during 2021 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 \$128,869 in reduced District tax revenues for 2021.

13. 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.

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.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

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.

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.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

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

Contributions

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2019 valuation will be amortized over a 19-year period beginning October 1, 2019 and ending September 30, 2038.

The table below summarizes pension contribution rates in effect for fiscal year 2021:

Benefit Structure	Member Rates	Employer Rates
Basic	0.00% - 4.00%	19.41% - 19.78%
Member Investment Plan (MIP)	3.00% - 7.00%	19.41% - 19.78%
Pension Plus	3.00% - 6.40%	16.46% - 16.82%
Pension Plus 2	6.20%	19.59%
Defined Contribution	0.00%	13.39%

For the year ended June 30, 2021, required and actual contributions from the District to the pension plan were \$8,225,928, which included \$3,610,513, the amount received from the State and remitted to the System to fund the MPSERS unfunded actuarial accrued liability ("UAAL") stabilization rate.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

The table below summarizes OPEB contribution rates in effect for fiscal year 2021:

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

For the year ended June 30, 2021, required and actual contributions from the District to the OPEB plan were \$2,039,612.

The table below summarizes defined contribution rates in effect for fiscal year 2021:

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, 2021, required and actual contributions from the District for those members with a defined contribution benefit were \$464,719.

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

At June 30, 2021, the District reported a liability of \$92,354,861 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2019. The District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2020, the District's proportion was 0.26886%, which was an increase of 0.00448% from its proportion measured as of September 30, 2019.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

For the year ended June 30, 2021, the District recognized pension expense of \$14,832,243. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ 1,411,107	\$ 197,118	\$ 1,213,989
Changes in assumptions	10,233,809	-	10,233,809
Net difference between projected and actual earnings on pension plan investments	388,034	-	388,034
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,191,805	72,704	2,119,101
	<u>14,224,755</u>	<u>269,822</u>	<u>13,954,933</u>
District contributions subsequent to the measurement date	7,769,481	-	7,769,481
	<u>7,769,481</u>	<u>-</u>	<u>7,769,481</u>
Total	<u>\$ 21,994,236</u>	<u>\$ 269,822</u>	<u>\$ 21,724,414</u>

The \$7,769,481 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2022	\$ 6,488,563
2023	4,384,096
2024	2,326,254
2025	<u>756,020</u>
Total	<u>\$ 13,954,933</u>

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

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

At June 30, 2021, the District reported a liability of \$14,783,043 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2019. The District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2020, the District's proportion was 0.27594% which was an increase of 0.01117% from its proportion measured as of September 30, 2019.

For the year ended June 30, 2021, the District recognized OPEB expense of \$(80,930). At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ -	\$ 11,014,749	\$ (11,014,749)
Changes in assumptions	4,874,263	-	4,874,263
Net difference between projected and actual earnings on OPEB plan investments	123,381	-	123,381
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,386,041	212,044	1,173,997
	<u>6,383,685</u>	<u>11,226,793</u>	<u>(4,843,108)</u>
District contributions subsequent to the measurement date	<u>1,830,781</u>	<u>-</u>	<u>1,830,781</u>
Total	<u>\$ 8,214,466</u>	<u>\$ 11,226,793</u>	<u>\$ (3,012,327)</u>

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

The \$1,830,781 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Amount
2022	\$ (1,306,177)
2023	(1,134,219)
2024	(955,853)
2025	(833,483)
2026	<u>(613,376)</u>
Total	<u>\$ (4,843,108)</u>

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The total pension and OPEB liabilities in the September 30, 2019 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	7.0% 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.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

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

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2017 valuation. The total pension and OPEB liabilities as of September 30, 2020, are based on the results of an actuarial valuation date of September 30, 2019, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.4892 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 5.6018 years which is the average of the expected remaining service lives of all employees. The recognition period for assets is 5 years.

Long-term Expected Return on Pension Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2020, 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%	5.29%	1.32%
Private equity pools	16.00%	8.78%	1.40%
International equity pools	15.00%	6.98%	1.05%
Fixed income pools	10.50%	0.47%	0.05%
Real estate and infrastructure pools	10.00%	4.62%	0.46%
Absolute return pools	9.00%	3.02%	0.27%
Real return/opportunistic pools	12.50%	6.23%	0.78%
Short-term investment pools	2.00%	-0.09%	0.00%
	<u>100.00%</u>		5.33%
Inflation			2.10%
Risk adjustment			<u>-0.63%</u>
Investment rate of return			<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, 2020, 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%	5.29%	1.32%
Private equity pools	16.00%	8.78%	1.40%
International equity pools	15.00%	6.98%	1.05%
Fixed income pools	10.50%	0.47%	0.05%
Real estate and infrastructure pools	10.00%	4.62%	0.46%
Absolute return pools	9.00%	3.02%	0.27%
Real return/opportunistic pools	12.50%	6.23%	0.78%
Short-term investment pools	2.00%	-0.09%	0.00%
	<u>100.00%</u>		5.33%
Inflation			2.10%
Risk adjustment			<u>-0.48%</u>
Investment rate of return			<u><u>6.95%</u></u>

Rate of Return

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

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 (5.80% / 5.80% / 5.00%)	Current Discount Rate (6.80% / 6.80% / 6.00%)	1% Increase (7.80% / 7.80% / 7.00%)
District's proportionate share of the net pension liability	\$ 119,537,701	\$ 92,354,861	\$ 69,826,346

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 (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
District's proportionate share of the net OPEB liability	\$ 18,990,499	\$ 14,783,043	\$ 11,240,718

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 (6.00%)	Current Healthcare Cost Trend Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net OPEB liability	\$ 11,105,089	\$ 14,783,043	\$ 18,966,263

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.

Payable to the Pension Plan

At June 30, 2021, the District reported a payable of \$1,231,358 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2021.

Payable to the OPEB Plan

At June 30, 2021, the District reported a payable of \$244,890 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2021.

14. CONTINGENCIES

During fiscal year 2021, DTE Energy filed a tax appeal to lower its taxable value. The taxable value reduction would have an adverse affect on revenue for the District. The State is currently working to defend this litigation. At this time, the outcome and District's exposure to the tax appeal is unknown.

15. CORONAVIRUS (COVID-19)

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. While the pandemic has resulted in an increase in the demands on the District to deliver education to students in a safe environment, the Federal Government has also provided significant resources to help mitigate the impacts of COVID-19. The District received over \$100,000 during 2021 from various funding sources to be used to respond to the impacts of the COVID-19 pandemic through the CARES Act and other funding sources. This funding was used to purchase personal protection equipment (PPE), cleaning and sanitizing materials, and supplies, as well as for activities to support remote learning for students. 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,	
	2021	2020
District's proportionate share of the net pension liability	\$ 92,354,861	\$ 87,552,221
District's proportion of the net pension liability	0.26886%	0.26438%
District's covered payroll	\$ 24,616,734	\$ 23,223,554
District's proportionate share of the net pension liability as a percentage of its covered payroll	375.17%	377.00%
Plan fiduciary net position as a percentage of the total pension liability	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,	
	2021	2020
Statutorily required contribution	\$ 8,225,928	\$ 7,371,239
Contributions in relation to the statutorily required contribution	<u>(8,225,928)</u>	<u>(7,371,239)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 25,138,864	\$ 24,542,244
Contributions as a percentage of covered payroll	32.72%	30.03%

See notes to required supplementary information.

--

Year Ended June 30,				
2019	2018	2017	2016	2015
\$ 7,012,396	\$ 7,149,995	\$ 5,942,369	\$ 5,678,208	\$ 4,588,921
<u>(7,012,396)</u>	<u>(7,149,995)</u>	<u>(5,942,369)</u>	<u>(5,678,208)</u>	<u>(4,588,921)</u>
<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

MPSERS Cost-Sharing Multiple Employer Plan

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

	Year Ended June 30,			
	2021	2020	2019	2018
District's proportionate share of the net OPEB liability	\$ 14,783,043	\$ 19,004,211	\$ 21,310,806	\$ 22,530,437
District's proportion of the net OPEB liability	0.27594%	0.26477%	0.26810%	0.25442%
District's covered payroll	\$ 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	60.05%	81.83%	93.13%	103.36%
Plan fiduciary net position as a percentage of the total OPEB liability	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,			
	2021	2020	2019	2018
Statutorily required contribution	\$ 2,039,612	\$ 1,943,219	\$ 1,806,936	\$ 1,686,045
Contributions in relation to the statutorily required contribution	<u>(2,039,612)</u>	<u>(1,943,219)</u>	<u>(1,806,936)</u>	<u>(1,686,045)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 25,138,864	\$ 24,542,244	\$ 23,197,933	\$ 22,745,058
Contributions as a percentage of covered payroll	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:

- 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:

- 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, 2021

	Special Revenue Funds			
	Food Service Fund	Student/School Activity Fund	Capital Projects Fund	Totals
Assets				
Cash and investments	\$ 995	\$ 55,768	\$ 532,953	\$ 589,716
Accounts receivable	16,775	-	-	16,775
Inventory	2,431	-	-	2,431
Total assets	<u>\$ 20,201</u>	<u>\$ 55,768</u>	<u>\$ 532,953</u>	<u>\$ 608,922</u>
Liabilities				
Accounts payable	\$ 8,168	\$ 325	\$ -	\$ 8,493
Unearned revenue	2,444	-	-	2,444
Total liabilities	<u>10,612</u>	<u>325</u>	<u>-</u>	<u>10,937</u>
Fund balances				
Nonspendable	2,431	-	-	2,431
Restricted	7,158	-	-	7,158
Committed	-	55,443	532,953	588,396
Total fund balances	<u>9,589</u>	<u>55,443</u>	<u>532,953</u>	<u>597,985</u>
Total liabilities and fund balances	<u>\$ 20,201</u>	<u>\$ 55,768</u>	<u>\$ 532,953</u>	<u>\$ 608,922</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, 2021

	Special Revenue Funds			
	Food Service Fund	Student/School Activity Fund	Capital Projects Fund	Totals
Revenues				
Local sources	\$ 4,043	\$ 13,613	\$ 421	\$ 18,077
State sources	1,472	-	-	1,472
Federal sources	84,861	-	-	84,861
Total revenues	<u>90,376</u>	<u>13,613</u>	<u>421</u>	<u>104,410</u>
Expenditures				
Supporting services	-	13,585	728	14,313
Food services	138,183	-	-	138,183
Total expenditures	<u>138,183</u>	<u>13,585</u>	<u>728</u>	<u>152,496</u>
Revenues over (under) expenditures	(47,807)	28	(307)	(48,086)
Other financing sources				
Transfers in	48,000	-	250,000	298,000
Net change in fund balances	193	28	249,693	249,914
Fund balances, beginning of year	<u>9,396</u>	<u>55,415</u>	<u>283,260</u>	<u>348,071</u>
Fund balances, end of year	<u>\$ 9,589</u>	<u>\$ 55,443</u>	<u>\$ 532,953</u>	<u>\$ 597,985</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**

November 1, 2021

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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated November 1, 2021, 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.



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MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2021

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through/ Grantor Number	Approved Award/Grant Amount
U.S. Department of Agriculture				
Child Nutrition Cluster:				
National School Lunch Program:				
Entitlement Commodities	10.555	MDE	n/a	\$ 5,655
Bonus Commodities	10.555	MDE	n/a	191
Summer Food Service Program for Children	10.559	MDE	200900	7,531
Summer Food Service Program for Children	10.559	MDE	210904	71,484
Total Child Nutrition Cluster				
Child and Adult Care Food Program:				
2019-2020 CACFP	10.558	MDE	201920	116,914
2019-2020 CACFP	10.558	MDE	202010	4,341
2020-2021 CACFP	10.558	MDE	211920	40,821
2020-2021 CACFP	10.558	MDE	212010	1,190
Total U.S. Department of Agriculture				
U.S. Department of Labor				
WIOA Cluster -				
WIOA Youth Activities:				
2019 - 2020	17.259	SEMCA	08-MCISD-0006	194,642
2020 - 2021	17.259	SEMCA	08-MCISD-0006	196,150
Total U.S. Department of Labor				
U.S. Department of Treasury				
COVID-19 - Coronavirus Relief Fund -				
MAISA Device Purchase Program	21.019	CCISD	n/a	22,810
U.S. Department of Education				
Title I Grants to Local Educational Agencies - Program for				
Neglected and Delinquent Children and Youth - Part D:				
2019 - 2020	84.010	MDE	201700-1920	62,232
2020 - 2021	84.010	MDE	211700-2021	31,635

Accrued (Unearned) Revenue July 1, 2020	Current Year Cash Received	Expenditures (Memo Only) Prior Year	Expenditures Year Ended June 30, 2021	Accrued (Unearned) Revenue June 30, 2021	Total Subawards
\$ -	\$ 5,655	\$ -	\$ 5,655	\$ -	\$ -
-	191	-	191	-	-
-	5,846	-	5,846	-	-
-	7,531	-	7,531	-	-
-	54,784	-	71,484	16,700	-
-	62,315	-	79,015	16,700	-
-	68,161	-	84,861	16,700	-
-	3,400	113,514	3,400	-	-
-	99	4,242	99	-	-
-	38,547	-	40,821	2,274	-
-	1,119	-	1,190	71	-
-	43,165	117,756	45,510	2,345	-
-	111,326	117,756	130,371	19,045	-
36,716	36,716	194,642	-	-	-
-	176,376	-	196,150	19,774	-
36,716	213,092	194,642	196,150	19,774	-
-	22,810	-	22,810	-	-
3,780	12,155	50,510	8,375	-	-
-	31,635	-	31,635	-	-
3,780	43,790	50,510	40,010	-	-

continued...

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2021

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through/ Grantor Number	Approved Award/Grant Amount
U.S. Department of Education (continued)				
Special Education Cluster (IDEA):				
Special Education Grants to States - Flowthrough:				
2018 - 2019	84.027	MDE	190450-1819	\$ 4,697,708
2019 - 2020	84.027	MDE	200450-1920	5,623,463
2020 - 2021	84.027	MDE	210450-2021	2,101,506
2019 - 2020	84.027	MDE	200493-GSG	126,500
2020 - 2021	84.027	MDE	210493-GSG	151,800
Special Education Preschool Grants - Preschool Incentive:				
2019 - 2020	84.173	MDE	200460-1920	185,343
2020 - 2021	84.173	MDE	210460-2021	186,537
Total Special Education Cluster (IDEA)				
Career and Technical Education - Basic Grants to States:				
Perkins 2019-2020	84.048	WCRESA	n/a	82,987
Perkins 2020-2021	84.048	MDE	213520-21130	228,999
Special Education - Grants for Infants and Families:				
2019 - 2020	84.181	MDE	201340-1920	145,791
2020 - 2021	84.181	MDE	211340-2021	144,682
Education for Homeless Children and Youth:				
2019 - 2020	84.196	MDE	202320-1920	20,698
2020 - 2021	84.196	MDE	212320-2021	7,841
English Language Acquisition State Grants - Title III, Part A -				
2020 - 2021	84.365	MDE	210580-2021	561
COVID-19 - Education Stabilization Fund - Geer Funds K-12:				
2020 - 2021	84.425C	MDE	201200-2021	68,525
2020 - 2021	84.425C	MDE	201230-2021	14,982
Total U.S. Department of Education				

Accrued (Unearned) Revenue July 1, 2020	Current Year Cash Received	Expenditures (Memo Only) Prior Year	Expenditures Year Ended June 30, 2021	Accrued (Unearned) Revenue June 30, 2021	Total Subawards
\$ 879,961	\$ 883,217	\$ 4,694,452	\$ 3,256	\$ -	\$ -
217,015	3,906,894	969,556	4,653,907	964,028	-
-	1,661,053	-	2,101,506	440,453	-
17,633	17,633	126,500	-	-	-
-	129,666	-	151,800	22,134	-
1,114,609	6,598,463	5,790,508	6,910,469	1,426,615	-
36,974	36,974	185,343	-	-	-
-	147,493	-	186,537	39,044	-
36,974	184,467	185,343	186,537	39,044	-
1,151,583	6,782,930	5,975,851	7,097,006	1,465,659	-
34,553	34,553	82,987	-	-	-
-	169,243	-	228,999	59,756	-
34,553	203,796	82,987	228,999	59,756	-
22,756	22,756	145,791	-	-	-
-	129,631	-	144,682	15,051	-
22,756	152,387	145,791	144,682	15,051	-
14,846	15,704	19,840	858	-	-
-	4,271	-	7,841	3,570	7,544
14,846	19,975	19,840	8,699	3,570	7,544
-	561	-	561	-	-
-	68,525	-	68,525	-	-
-	14,982	-	14,982	-	-
-	83,507	-	83,507	-	-
1,227,518	7,286,946	6,274,979	7,603,464	1,544,036	7,544

continued...

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2021

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through/ Grantor Number	Approved Award/Grant Amount
U.S. Department of Health and Human Services				
Community-Based Child Abuse Prevention Grants:				
Children's Trust Funds 19-20	93.590	MDHHS	n/a	\$ 42,945
Children's Trust Funds 20-21	93.590	MDHHS	n/a	30,866
Head Start Cluster:				
Head Start:				
2019 - 2020	93.600	Direct	05CH010567-02	2,926,468
2020 - 2021	93.600	Direct	05CH010567-03-C3	230,369
2020 - 2021	93.600	Direct	05CH010567-03	2,826,810
Early Head Start:				
2019 - 2020	93.600	Direct	05CH010077-05-00	314,865
2020 - 2021	93.600	Direct	05CH011523-01-C3	42,183
2020 - 2021	93.600	Direct	05CH011523-01	348,961
Medicaid Cluster -				
Medical Assistance Program -				
Medicaid Administrative Outreach 20-21	93.778	MDHHS	n/a	59,643
Block Grants for Prevention and Treatment of Substance Abuse:				
Prevention 2019 - 2020	93.959	CMHPSM	n/a	105,481
Prevention 2020 - 2021	93.959	CMHPSM	n/a	87,819
Total U.S. Department of Health and Human Services				
Total Federal Financial Assistance				

See notes to schedule of expenditures of federal awards.

Accrued (Unearned) Revenue July 1, 2020	Current Year Cash Received	Expenditures (Memo Only) Prior Year	Expenditures Year Ended June 30, 2021	Accrued (Unearned) Revenue June 30, 2021	Total Subawards
\$ (3,814)	\$ 8,441	\$ 30,690	\$ 12,255	\$ -	\$ -
-	34,504	-	30,866	(3,638)	-
<u>(3,814)</u>	<u>42,945</u>	<u>30,690</u>	<u>43,121</u>	<u>(3,638)</u>	<u>-</u>
1,005,953	1,046,496	2,885,925	40,543	-	-
-	189,883	-	230,369	40,486	-
-	1,778,713	-	2,826,810	1,048,097	-
88,834	88,834	314,865	-	-	-
-	38,824	-	42,183	3,359	-
-	236,352	-	348,961	112,609	-
<u>1,094,787</u>	<u>3,379,102</u>	<u>3,200,790</u>	<u>3,488,866</u>	<u>1,204,551</u>	<u>-</u>
-	59,643	-	59,643	-	-
6,764	28,033	84,212	21,269	-	-
-	63,583	-	87,819	24,236	-
<u>6,764</u>	<u>91,616</u>	<u>84,212</u>	<u>109,088</u>	<u>24,236</u>	<u>-</u>
<u>1,097,737</u>	<u>3,573,306</u>	<u>3,315,692</u>	<u>3,700,718</u>	<u>1,225,149</u>	<u>-</u>
<u>\$ 2,361,971</u>	<u>\$ 11,207,480</u>	<u>\$ 9,903,069</u>	<u>\$ 11,653,513</u>	<u>\$ 2,808,004</u>	<u>\$ 7,544</u>

concluded.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards Provided to Subrecipients

For the Year Ended June 30, 2021

Federal Grantor / Pass-Through Grantor / Program Title	Assistance Listing Number	Current Year Cash Transferred to Subrecipient
U.S. Department of Education		
Education for Homeless Children and Youth - 2020 - 2021	84.196	
Passed through to:		
Bedford Public Schools		\$ 3,502
Ida Public Schools		179
Monroe Public Schools		2,347
Whiteford Agricultural Schools		<u>1,516</u>
Total subawards		<u>\$ 7,544</u>

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, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (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. 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:

Pass-through Agency Abbreviation	Pass-through Agency Name
MDE	Michigan Department of Education
SEMCA	Southeast Michigan Community Alliance
CCISD	Copper Country Intermediate School District
WCRESA	Wayne County Regional Education Service Agency
MDHHS	Michigan Department of Health and Human Services
CMHPSM	Community Mental Health Partnership of Southeast Michigan

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

November 1, 2021

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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 1, 2021.

Internal Control Over Financial Reporting

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

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

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

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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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Lehmann Lobson 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**

November 1, 2021

Board of Education
Monroe County Intermediate School District
Monroe, Michigan

Report on Compliance for the Major Federal Program

We have audited the compliance of the **Monroe County Intermediate School District** (the "District") with the types of compliance requirements described 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, 2021. The District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Independent Auditors' Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the District's compliance.

Rehmann is an independent member of Nexia International.



Opinion on the Major Federal Program

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, 2021.

Report on Internal Control Over Compliance

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

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

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

Purpose of this Report

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

Rehmann Lobson LLC

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2021

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

Type of auditors' report issued on compliance for the major program: Unmodified

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

Identification of the major program:

Assistance Listing Number

Name of Federal Program or Cluster

93.600

Head Start Cluster

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, 2021

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, 2021

None reported.

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