



EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT

Chippewa, Mackinac, Luce, and Schoolcraft Counties, Michigan

Annual Financial Report
For the year ended June 30, 2024



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TABLE OF CONTENTS

Financial Section

<i>Independent Auditor's Report</i>	1
<i>Management's Discussion and Analysis</i>	5
<i>Basic Financial Statements</i>	15
District-Wide Financial Statements:	
Statement of Net Position	17
Statement of Activities	18
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	20
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	22
Statement of Revenues, Expenditures and Changes in Fund Balances	24
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities	26
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	27
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Early Childhood Special Revenue Fund	28
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Special Education Special Revenue Fund.....	29
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – CTE Special Revenue Fund.....	30
Proprietary Funds:	
Statement of Net Position	31
Statement of Revenues, Expenses and Changes in Net Position.....	32
Statement of Cash Flows	33
Notes to Basic Financial Statements.....	34

TABLE OF CONTENTS (Continued)

Required Supplementary Information

Schedule of the District's Proportionate Share of the Net Pension Liability.....	64
Net OPEB Liability (Asset)	66
Schedule of District Contributions	
Pension Contribution	68
OPEB Contributions	70
Notes to Required Supplementary Information	72

Supplementary Information

Combining and Individual Fund Statements and Schedules:

Nonmajor Governmental Funds	74
Combining Balance Sheet.....	75
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	76
Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
Cooperative Activities Special Revenue Fund.....	77
Business Services Consortium Special Revenue Fund.....	78
EUP Connect Collaborative Special Revenue Fund	79

Federal Financial Assistance Programs Supplemental Information Issued Under Separate Cover

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

October 8, 2024

The Board of Education
Eastern Upper Peninsula Intermediate School District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Eastern Upper Peninsula Intermediate School District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Eastern Upper Peninsula Intermediate School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Eastern Upper Peninsula Intermediate School District, as of June 30, 2024, and the respective changes in financial position and the respective budgetary comparisons for the General Fund, Early Childhood Special Revenue Fund, Special Education Special Revenue Fund, and CTE Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Eastern Upper Peninsula Intermediate School District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and 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 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 and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2024, on our consideration of Eastern Upper Peninsula Intermediate School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Eastern Upper Peninsula Intermediate School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Eastern Upper Peninsula Intermediate School District's internal control over financial reporting and compliance.



Certified Public Accountants
Grand Rapids, Michigan

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MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT

June 30, 2024

The Eastern Upper Peninsula Intermediate School District (EUPISD) services all local school districts located in Chippewa, Luce, Mackinac, and Schoolcraft Counties. The EUPISD is geographically the largest of the 56 intermediate school districts in the State of Michigan, covering 4,000 square miles, and servicing approximately 6,404 students. The 17 local education authorities (LEA) include: Sault Ste. Marie Schools, DeTour Area Schools, DeTour Arts & Technology Academy, Pickford Public Schools, Rudyard Area Schools, Brimley Area Schools, Whitefish Township School District, Tahquamenon Area Schools, St. Ignace City School District, Bois Blanc Pines School District, Les Cheneaux Community School District, Engadine Consolidated Schools, Lake Superior Academy, Moran Township School District, Mackinac Island Public Schools, Joseph K. Lumsden Bahweting Public School Academy, Ojibwe Charter School, and Three Lakes Academy.

As management of the Eastern Upper Peninsula Intermediate School District ("the District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

This annual report consists of four parts: Management's Discussion and Analysis (this section), the Basic Financial Statements, Required Supplementary Information, and Supplementary Information. The Basic Financial Statements include two kinds of statements that present different views of the District:

- The first two statements, the Statement of Net Position, and the Statement of Activities, are *district-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
 - ♦ *Governmental funds statements* tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
 - ♦ *Proprietary funds statements* are used to report business-type activities in the district-wide financial statements.

The Basic Financial Statements also include Notes to Financial Statements that explain the information in the Basic Financial Statements and provide more detailed data; Required Supplementary Information includes pension and OPEB information schedules; Other Supplementary Information follows and includes combining and individual fund statements and schedules.

MANAGEMENT'S DISCUSSION AND ANALYSIS

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT

June 30, 2024

District-wide Statements

- The district-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position, and how it has changed. Net position - the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources - is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, one should consider additional non-financial factors such as changes in the District's property tax-base, economic factors that might influence state aid revenue, and the condition of school buildings and other facilities.

In the district-wide financial statements, the District's activities are presented as follows:

- *Governmental activities*: The District's basic services are included here, such as instruction and pupil services for general and early education, special education, cooperative services, instructional support, transportation, administration, and operations and maintenance. State and Federal aid and property taxes finance most of these activities.
- *Business-type activities*: The District's Special Education Transportation Fund, Travel Fund and Childcare Center Fund are included here. Charges for services finance most of these activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT

June 30, 2024

Condensed District-wide Financial Information

The Statement of Net Position provides financial information on the District as a whole.

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Assets						
Current assets	\$ 21,404,964	\$ 17,800,230	\$ 899,057	\$ 1,016,624	\$ 22,304,021	\$ 18,816,854
Noncurrent assets	9,379,119	8,604,993	272,148	356,256	9,651,267	8,961,249
Net OPEB asset	462,587	-	-	-	462,587	-
Total Assets	31,246,670	26,405,223	1,171,205	1,372,880	32,417,875	27,778,103
Deferred Outflows of Resources	11,444,309	12,630,657	-	-	11,444,309	12,630,657
Liabilities						
Current liabilities	10,718,353	8,466,809	899,011	1,016,576	11,617,364	9,483,385
Noncurrent liabilities	2,493,004	2,771,467	-	-	2,493,004	2,771,467
Net pension liability	25,389,677	28,384,801	-	-	25,389,677	28,384,801
Net OPEB liability	-	1,575,662	-	-	-	1,575,662
Total Liabilities	38,601,034	41,198,739	899,011	1,016,576	39,500,045	42,215,315
Deferred Inflows of Resources	6,274,616	3,371,495	-	-	6,274,616	3,371,495
Net Position						
Net investment in capital assets	6,689,119	5,649,993	272,148	356,256	6,961,267	6,006,249
Restricted	8,889,080	7,950,922	-	-	8,889,080	7,950,922
Unrestricted (deficit)	(17,762,870)	(19,135,269)	46	48	(17,762,824)	(19,135,221)
Total Net Position	\$ (2,184,671)	\$ (5,534,354)	\$ 272,194	\$ 356,304	\$ (1,912,477)	\$ (5,178,050)

MANAGEMENT'S DISCUSSION AND ANALYSIS

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT

June 30, 2024

The Statement of Activities presents changes in net position from operating results:

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Revenues						
Program revenue:						
Charges for services	\$ 7,987,930	\$ 7,799,264	\$1,195,639	\$ 972,075	\$ 9,183,569	\$ 8,771,339
Operating grants	17,534,345	17,526,669	-	-	17,534,345	17,526,669
General revenue:						
Property taxes	8,385,509	7,814,778	-	-	8,385,509	7,814,778
State school aid, unrestricted	443,179	422,514	-	-	443,179	422,514
Federal medicaid reimbursement	109,514	95,556	-	-	109,514	95,556
Investment earnings	547,327	372,292	-	-	547,327	372,292
Other	960,526	956,261	506,356	557,118	1,466,882	1,513,379
Total Revenues	35,968,330	34,987,334	1,701,995	1,529,193	37,670,325	36,516,527
Expenses						
Instruction	11,263,605	12,584,961	-	-	11,263,605	12,584,961
Supporting services	18,590,581	19,671,332	-	-	18,590,581	19,671,332
Community services	639,550	831,113	-	-	639,550	831,113
Interest expense	63,645	72,202	-	-	63,645	72,202
Other	2,061,266	-	-	-	2,061,266	-
Special education transportation	-	-	1,379,132	1,425,752	1,379,132	1,425,752
Childcare center	-	-	406,973	-	406,973	-
Total Expenses	32,618,647	33,159,608	1,786,105	1,425,752	34,404,752	34,585,360
Increase (Decrease) in Net Position	3,349,683	1,827,726	(84,110)	103,441	3,265,573	1,931,167
Net Position,						
Beginning of Year	(5,534,354)	(7,362,080)	356,304	252,863	(5,178,050)	(7,109,217)
Net Position,						
End of Year	\$ (2,184,671)	\$ (5,534,354)	\$ 272,194	\$ 356,304	\$ (1,912,477)	\$ (5,178,050)

Unrestricted net position increased by \$1,372,397 to a deficit of \$17,762,824 at June 30, 2024. The District's net pension liability, including deferred outflows and inflows of resources, increased by \$230,056 during the fiscal year, and its net OPEB liability, including deferred outflows and inflows of resources, decreased by \$1,173,960 during the fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT

June 30, 2024

Financial Analysis of the District as a Whole

The District's financial position is the product of various financial transactions, including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation and amortization of capital assets. A large portion of the District's net position reflects investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment, and construction in progress); less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to its students; consequently, they are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Governmental Activities

The District's total revenues were \$36.0 million. Property taxes and unrestricted State aid accounted for 25% of the District's revenues. State and federal aid for specific programs accounted for 49%; fees charged for services totaled 22% of revenues, with the remainder coming from interest earnings and other local sources.

The total cost of all programs was \$32.6 million. The District's expenses are predominantly related to instruction (37%) and caring for students (pupil services) (57%), with the remainder related primarily to community services.

Business-type Activities

Total expenses exceeded revenues by \$84,110 on the Statement of Activities, decreasing total net position from \$356,304 at June 30, 2023, to \$272,194 at June 30, 2024. Unrestricted net assets decreased from \$48 at June 30, 2023, to \$46 at June 30, 2024.

General Comments

The current position of the District's finances can be credited to careful monitoring of economic changes and appropriate cost-cutting measures to maintain programs during these challenging economic times. Despite the ongoing uncertainty of funding revenue from the State of Michigan, the District has endeavored to maintain a positive fund balance.

- The District has conducted a thorough budget analysis and has broken the budget down into specific components and their related expenses. This has allowed the District to prioritize expenses, and also to identify where cuts could occur if necessary.
- Regular updates were provided to the Board of Education during the school year. This information is also presented to the community via the District's website, staff meetings and presentations.
- Collaboration with the surrounding districts have helped reduced expenditures in many areas. The eighteen school districts (including EUPISD) in the four counties – Chippewa, Luce, Mackinac, and a small section in Schoolcraft, continue to collaborate in combining services where possible.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. As a general rule, fund balances from one fund are prohibited from being expended on expenditures of another fund.

MANAGEMENT'S DISCUSSION AND ANALYSIS

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT

June 30, 2024

The District utilizes two kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information following the governmental funds' statements explain the relationship (or differences) between them.
- *Proprietary funds:* Distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds relate to charges to local districts from operation of special education busing in their respective districts and charging internal district funds for their fleet activities. Operating expenses for proprietary funds include the cost of operating special education busing and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

Financial Analysis of the District's Funds

The District uses funds to record and analyze financial information. Eastern Upper Peninsula Intermediate School District's funds are described as follows:

Governmental Funds

Major Funds

- The General Fund is our primary operating fund. The General Fund had total revenues of \$7,445,279, other financing sources of \$550,289, total expenditures of \$6,028,423, and total other financing uses of \$1,542,113. The ending fund balance was \$2,092,531 at June 30, 2024, up from \$1,667,499 at June 30, 2023.
- The Early Childhood Fund accounts for revenue sources that are legally restricted to expenditure for early childhood purposes. Revenues totaled \$4,476,511, expenditures totaled \$4,404,897, and other financing uses totaled \$45,245 for the fiscal year. The ending fund balance was \$26,369 at June 30, 2024.
- The Special Education Fund accounts for revenue sources that are legally restricted to expenditure for special education purposes. Revenues totaled \$17,266,827, expenditures totaled \$15,804,005, and other financing uses totaled \$771,376 for the fiscal year. The ending fund balance was \$2,864,665 at June 30, 2024, up from \$2,173,219 at June 30, 2023.
- The Career and Technical Education (CTE) Fund accounts for revenue sources that are legally restricted to expenditure for vocational education purposes. Revenues totaled \$3,416,054, expenditures totaled \$3,826,294, and other financing uses totaled \$43,381 for the fiscal year. The ending fund balance was \$1,738,934 at June 30, 2024, down from \$2,192,555 at June 30, 2023.

MANAGEMENT'S DISCUSSION AND ANALYSIS

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT

June 30, 2024

- The District operates a Building Capital Projects Fund which accounts for major improvement projects to our buildings and sites. Current year revenues totaled \$61,322, other financing sources of \$1,663,843 and expenditures totaled \$1,233,417. The ending fund balance was \$2,263,725 at June 30, 2024, up from \$1,771,977 at June 30, 2023.

Nonmajor Funds

- The Cooperative Activities Fund, which accounts for the District's technology funding expenditures, had total revenues of \$1,608,481, other financing sources of \$251,233, total expenditures of \$1,580,727, and other financing uses of \$45,000. The ending fund balance was \$913,971 at June 30, 2024, up from \$679,984 at June 30, 2023.
- The District operates a Business Services Consortium Fund which accounts for District business services funding and expenditures. Total revenues were \$1,691,258, total expenditures were \$1,630,700, and other financing uses totaled \$18,250. The ending fund balance was \$373,216 at June 30, 2024, up from \$330,908 at June 30, 2023.
- The District operates the Eastern Upper Peninsula (EUP) Collaborative Special Revenue Fund. Total revenues were \$1,080 and total expenditures were \$114,653. The ending fund balance was \$500,193 at June 30, 2024, down from \$613,766 at June 30, 2023.

Proprietary Funds

- The Special Education Transportation Fund accounts for the transportation of local districts' special education students. Total revenues were \$1,295,022 and total expenditures were \$1,379,132. The ending net position was \$272,194 at June 30, 2024, up from \$356,304 at June 30, 2023.
- The District maintains a Travel Fund to account for the travel costs of District employees. Total revenues were \$122,212, and total expenditures were \$120,694. The ending fund balance was \$350,323 at June 30, 2024, up from \$348,805 at June 30, 2023.
- The District maintains a Childcare Center Fund to account for the childcare center costs. Total revenues were \$406,973, and total expenditures were \$406,973. The ending fund balance was \$0 at June 30, 2024.

General Fund Budgetary Highlights

During the course of the year, the District continuously reviews the annual operating budget after the June adoption. Changes in the budget are due to the following:

- Changes made in the fall to account for the new grants and carryover funds of prior year grants.
- Final amendments are made in June for increases in appropriations to prevent budget overruns and reductions in expenditure put into place by the administration.
- The final budget for the General Fund anticipated the fund balance to be 20.38% of General Fund expenditures and transfers - the actual results equaled 27.64%.
- The increase in the General Fund fund balance was due to slightly lower actual costs than expected.

MANAGEMENT'S DISCUSSION AND ANALYSIS

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT

June 30, 2024

Capital Asset and Debt Administration

Capital Assets

By the end of fiscal year 2024, the District had a \$13,115,712 investment in a broad range of capital assets, including land, school buildings, athletic facilities, vehicles, computer equipment and software, and administrative offices. (More detailed information about capital assets can be found in Note E in the Notes to Basic Financial Statements.)

At June 30, 2024, the District's investment in capital assets (net of accumulated depreciation), was \$9,651,267. Net capital asset additions totaled \$1,203,503 for the fiscal year, with net accumulated depreciation increasing \$194,801, leaving a net increase in the book value of capital assets of \$690,018.

The District's net investment in capital assets, including land, land improvements, buildings and improvements, vehicles and furniture and equipment, is detailed as follows:

	Governmental Activities	Business-type Activities	Total
Land	\$ 68,616	\$ —	\$ 68,616
Construction in progress	22,459	—	22,459
Land improvements	219,350	—	219,350
Buildings and improvements	8,222,763	—	8,222,763
Furniture and equipment	692,372	—	692,372
Vehicles	153,559	272,148	425,707
Net Capital Assets	\$ 9,379,119	\$ 272,148	\$ 9,651,267

Long-term Obligations

At year end, the District had \$2,788,004 in general obligation bonds and accumulated sick leave – a net decrease of \$268,463 from June 30, 2023.

We present more detailed information about our long-term liabilities in Note F in the Notes to Basic Financial Statements.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that could significantly affect its financial health in the future:

- The District is the fiscal agent for a significant amount of state and federal grants. As grants increase and decrease, staffing increases and decreases.

MANAGEMENT'S DISCUSSION AND ANALYSIS

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT

June 30, 2024

- Cost increases exceeding the general rate of inflation continue to be expected for the District relative to pension contribution obligations in 2024-25 and beyond. These costs represent a significant portion of the District's budget, and their rate of increase is a concern to management. Surges in prices of energy commodities such as diesel, gasoline and natural gas have abated, and prices have even declined. If this trend is sustained, it may provide some relief from the rate of growth in overall operating costs going forward.
- The District Professional Staff bargaining unit's contract expires June 30, 2024.
- The District Support Staff bargaining unit's contract expires June 30, 2024.
- As the District continues to face the budget challenges of the current and upcoming school years, operating efficiencies and balanced budgets will be necessary. The ability to continue to operate an adequate educational system with continued less revenue and increasing expenditures is the challenge of the future. The Board of Education is currently working on strategic plan goals that include fiscal oversight, fiscal responsibility, and financial planning.
- In August 2022, the region passed an increase and Headlee override to the Special Education millage, which now puts the EUPISD region as collecting the maximum amount of 1.75 mills under the current law. These additional funds will be utilized in the region to support our increasing special education needs.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Eastern Upper Peninsula Intermediate School District, 315 Armory Place, Sault Ste. Marie, Michigan 49783.

BASIC FINANCIAL STATEMENTS

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STATEMENT OF NET POSITION

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT

June 30, 2024

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Assets			
Cash	\$ 100	\$ -	\$ 100
Cash equivalents and investments (Note B)	15,702,193	563,689	16,265,882
Accounts receivable	7,349	2,117	9,466
Due from other governmental units (Note C)	5,695,322	333,251	6,028,573
Capital assets not being depreciated (Note E)	91,075	-	91,075
Capital assets being depreciated, net (Note E)	9,288,044	272,148	9,560,192
Net OPEB asset	462,587	-	462,587
Total Assets	31,246,670	1,171,205	32,417,875
Deferred Outflows of Resources			
Deferred pension amounts	9,136,613	-	9,136,613
Deferred OPEB amounts	2,307,696	-	2,307,696
Total Deferred Outflows of Resources	11,444,309	-	11,444,309
Liabilities			
Accounts payable	790,727	20,298	811,025
Due to other governmental units	3,483,006	710,821	4,193,827
Accrued interest payable	4,865	-	4,865
Payroll withholdings payable	316,924	-	316,924
Accrued expenses	63,765	-	63,765
Salaries payable	272,971	10,392	283,363
Unearned revenue	5,491,095	157,500	5,648,595
Long-term liabilities (Note F):			
Due within one year	295,000	-	295,000
Due in more than one year	2,493,004	-	2,493,004
Net pension liability	25,389,677	-	25,389,677
Total Liabilities	38,601,034	899,011	39,500,045
Deferred Inflows of Resources			
Deferred pension amounts	2,584,591	-	2,584,591
Deferred OPEB amounts	3,690,025	-	3,690,025
Total Deferred Inflows of Resources	6,274,616	-	6,274,616
Net Position			
Net investment in capital assets	6,689,119	272,148	6,961,267
Restricted for:			
Capital outlay	2,258,860	-	2,258,860
Early childhood	26,369	-	26,369
Special education	2,864,665	-	2,864,665
Vocational education	1,738,934	-	1,738,934
Supporting services	1,787,380	-	1,787,380
Pupil transportation services	212,872	-	212,872
Unrestricted (deficit)	(17,762,870)	46	(17,762,824)
Total Net Position	\$ (2,184,671)	\$ 272,194	\$ (1,912,477)

STATEMENT OF ACTIVITIES

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
For the year ended June 30, 2024

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants
Governmental Activities			
Instruction	\$ 11,263,605	\$ -	\$ 3,804,404
Supporting services	18,590,581	6,683,002	13,729,941
Community services	639,550	1,304,928	-
Interest on long-term debt	63,645	-	-
Other	2,061,266	-	-
Total governmental activities	<u>32,618,647</u>	<u>7,987,930</u>	<u>17,534,345</u>
Business-type Activities			
Special education transportation	1,379,132	788,666	-
Childcare center	406,973	406,973	-
Total Activities	<u>\$ 34,404,752</u>	<u>\$ 9,183,569</u>	<u>\$ 17,534,345</u>

General Revenues

Taxes:

Property taxes, levied for general operations

Property taxes, levied for vocational education

Property taxes, levied for special education

State school aid, unrestricted

Federal medicaid reimbursement

Interest and investment earnings

Other

Total General Revenues

Change in Net Position

Net Position - Beginning of Year

Net Position - End of Year

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
\$ (7,459,201)	\$ -	\$ (7,459,201)
1,822,362	-	1,822,362
665,378	-	665,378
(63,645)	-	(63,645)
(2,061,266)		(2,061,266)
(7,096,372)	-	(7,096,372)
-	(590,466)	(590,466)
-	-	-
(7,096,372)	(590,466)	(7,686,838)
570,538	-	570,538
2,847,567	-	2,847,567
4,967,404	-	4,967,404
443,179	-	443,179
109,514	-	109,514
547,327	-	547,327
960,526	506,356	1,466,882
10,446,055	506,356	10,952,411
3,349,683	(84,110)	3,265,573
(5,534,354)	356,304	(5,178,050)
\$ (2,184,671)	\$ 272,194	\$ (1,912,477)

**BALANCE SHEET
GOVERNMENTAL FUNDS**

**EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
June 30, 2024**

Assets	General	Early Childhood	Special Education
Cash	\$ 100	\$ -	\$ -
Cash equivalents and investments (Note B)	5,428,550	527,600	1,653,110
Accounts receivable	442	1,282	5,468
Due from other governmental units (Note C)	1,493,758	981,342	2,765,948
Total Assets	\$ 6,922,850	\$ 1,510,224	\$ 4,424,526
 Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 59,875	\$ 206,452	\$ 453,916
Due to other governmental units	466,532	422,546	261,557
Payroll withholdings payable	316,924	-	-
Accrued expenditures	-	-	63,765
Salaries payable	3,991	-	260,167
Unearned revenue	3,982,997	854,857	520,456
Total Liabilities	4,830,319	1,483,855	1,559,861
Fund Balances (Note A)			
Restricted	35,401	26,369	1,603,666
Committed	250,000	-	1,260,999
Unassigned	1,807,130	-	-
Total Fund Balances	2,092,531	26,369	2,864,665
Total Liabilities and Fund Balances	\$ 6,922,850	\$ 1,510,224	\$ 4,424,526

CTE	Building Capital Projects	Nonmajor	Total
\$ -	\$ -	\$ -	\$ 100
3,271,530	2,266,277	2,342,234	15,489,301
-	-	157	7,349
126,411	-	327,863	5,695,322
<u>\$ 3,397,941</u>	<u>\$ 2,266,277</u>	<u>\$ 2,670,254</u>	<u>\$ 21,192,072</u>
\$ 2,103	\$ 2,552	\$ 65,809	\$ 790,707
1,567,502	-	764,869	3,483,006
-	-	-	316,924
-	-	-	63,765
-	-	8,813	272,971
89,402	-	43,383	5,491,095
<u>1,659,007</u>	<u>2,552</u>	<u>882,874</u>	<u>10,418,468</u>
1,738,934	2,263,725	1,787,380	7,455,475
-	-	-	1,510,999
-	-	-	1,807,130
<u>1,738,934</u>	<u>2,263,725</u>	<u>1,787,380</u>	<u>10,773,604</u>
<u>\$ 3,397,941</u>	<u>\$ 2,266,277</u>	<u>\$ 2,670,254</u>	<u>\$ 21,192,072</u>

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
June 30, 2024

Total governmental fund balances		\$ 10,773,604
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$12,183,239 and accumulated depreciation is \$2,804,120.</p>		9,379,119
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:</p>		
General obligation bonds	\$ (2,690,000)	
Accumulated sick leave	<u>(98,004)</u>	(2,788,004)
Accrued interest is not included in as a liability in governmental funds		(4,865)
Internal Service Fund assets and liabilities are included in governmental activities in the Statement of Net Position.		212,872
<p>Net pension liability and related deferred outflows/inflows of resources are not included as assets/liabilities in governmental funds:</p>		
Net pension liability	(25,389,677)	
Deferred outflows of resources	9,136,613	
Deferred inflows of resources	<u>(2,584,591)</u>	(18,837,655)
<p>Net OPEB asset and related deferred outflows/inflows of resources are not included as assets/liabilities in governmental funds:</p>		
Net OPEB asset	462,587	
Deferred outflows of resources	2,307,696	
Deferred inflows of resources	<u>(3,690,025)</u>	(919,742)
Total Net Position - Governmental Activities		<u><u>\$ (2,184,671)</u></u>

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**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

**EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
For the year ended June 30, 2024**

	General	Early Childhood	Special Education
Revenues			
Local sources	\$ 855,673	\$ 25,169	\$ 6,371,841
Non-educational entity sources	1,149	12,439	54,049
State sources	4,951,580	2,676,808	4,607,796
Federal sources	995,255	1,762,095	2,645,848
Interdistrict sources	641,622	-	3,587,293
Total Revenues	7,445,279	4,476,511	17,266,827
Expenditures			
Current:			
Instruction	9,091	164,583	3,623,111
Supporting services	5,008,600	802,327	9,900,824
Community services	102,710	351,903	200,745
Interdistrict	432,846	1,499,994	1,707,128
Payments to other governmental or not-for-profit entities	475,176	1,586,090	-
Facilities acquisition, construction, and improvements	-	-	372,197
Debt service:			
Principal repayment	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	6,028,423	4,404,897	15,804,005
Excess (Deficiency) of Revenues Over Expenditures	1,416,856	71,614	1,462,822
Other Financing Sources (Uses)			
Transfers in	550,289	-	-
Transfers out	(1,542,113)	(45,245)	(771,376)
Total Other Financing Sources (Uses)	(991,824)	(45,245)	(771,376)
Net Change in Fund Balances	425,032	26,369	691,446
Fund Balances, Beginning of Year	1,667,499	-	2,173,219
Fund Balances, End of Year	\$ 2,092,531	\$ 26,369	\$ 2,864,665

CTE	Building Capital Projects	Nonmajor	Total
\$ 2,994,131	\$ 61,322	\$ 880,701	\$ 11,188,837
-	-	-	67,637
201,643	-	-	12,437,827
140,090	-	-	5,543,288
80,190	-	2,420,118	6,729,223
3,416,054	61,322	3,300,819	35,966,812
211,567	341	-	4,008,693
425,475	57,706	2,533,467	18,728,399
-	-	7,902	663,260
3,189,252	-	784,711	7,613,931
-	-	-	2,061,266
-	846,246	-	1,218,443
-	265,000	-	265,000
-	64,124	-	64,124
3,826,294	1,233,417	3,326,080	34,623,116
(410,240)	(1,172,095)	(25,261)	1,343,696
-	1,663,843	251,233	2,465,365
(43,381)	-	(63,250)	(2,465,365)
(43,381)	1,663,843	187,983	-
(453,621)	491,748	162,722	1,343,696
2,192,555	1,771,977	1,624,658	9,429,908
\$ 1,738,934	\$ 2,263,725	\$ 1,787,380	\$ 10,773,604

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
For the year ended June 30, 2024

Net change in fund balances - total governmental funds \$ 1,343,696

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period:

	Capital outlays	\$ 1,126,388	
	Depreciation expense	<u>(334,765)</u>	791,623

Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not effect the Statement of Activities:

General obligation bonds 265,000

Interest on long-term liabilities in the Statement of Activities differs from the amount reported on the governmental funds because interest is recorded as an expenditure in the funds when it is due and paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues regardless of when it is paid.

479

In the Statement of Net Position, accumulated sick leave is measured by the by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). This year the amount of benefits used/paid exceeded the amounts earned by \$3,463.

3,463

The net revenue of certain activities of the Internal Service Fund are reported in the Statement of Activities.

1,518

The changes in net pension liability and related deferred outflows/inflows of resources are not included as revenues/expenditures in governmental funds.

(230,056)

The changes in net OPEB liability and related deferred outflows/inflows of resources are not included as revenues/expenditures in governmental funds.

1,173,960

Total changes in net position - governmental activities \$ 3,349,683

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – GENERAL FUND**

**EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
For the year ended June 30, 2024**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Local sources	\$ 871,596	\$ 831,693	\$ 855,673	\$ 23,980
Non-educational entity sources	-	-	1,149	1,149
State sources	6,463,789	6,764,820	4,951,580	(1,813,240)
Federal sources	2,866,276	1,210,591	995,255	(215,336)
Interdistrict sources	844,261	819,254	641,622	(177,632)
Total Revenues	11,045,922	9,626,358	7,445,279	(2,181,079)
Expenditures				
Current:				
Instruction:				
Basic programs	-	9,157	9,091	66
Supporting services:				
Pupil services	1,348,150	1,543,867	724,333	819,534
Instructional staff services	2,922,624	2,737,693	2,187,839	549,854
General administrative services	461,563	459,016	429,332	29,684
Business services	605,282	525,247	524,879	368
Operation and maintenance services	262,593	242,266	211,826	30,440
Central services	803,105	1,255,186	913,171	342,015
Other supporting services	27,200	20,400	17,220	3,180
Community services	410,149	99,563	102,710	(3,147)
Interdistrict	2,995,656	966,953	432,846	534,107
Payments to other governmental or not-for-profit entities	479,762	479,762	475,176	4,586
Total Expenditures	10,316,084	8,339,110	6,028,423	2,310,687
Excess of Revenues Over Expenditures	729,838	1,287,248	1,416,856	129,608
Other Financing Sources (Uses)				
Transfers in	601,173	601,173	550,289	(50,884)
Transfers out	(1,542,113)	(1,542,113)	(1,542,113)	-
Other Financing Sources (Uses)	(940,940)	(940,940)	(991,824)	(50,884)
Net Change in Fund Balances	(211,102)	346,308	425,032	78,724
Fund Balances, Beginning of Year	1,667,499	1,667,499	1,667,499	-
Fund Balances, End of Year	\$ 1,456,397	\$ 2,013,807	\$ 2,092,531	\$ 78,724

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – EARLY CHILDHOOD SPECIAL REVENUE FUND**

**EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
For the year ended June 30, 2024**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Local sources	\$ 67,643	\$ 54,643	\$ 25,169	\$ (29,474)
Non-educational entity sources	-	52,500	12,439	(40,061)
State sources	3,255,794	3,475,698	2,676,808	(798,890)
Federal sources	2,518,880	2,518,880	1,762,095	(756,785)
Total Revenues	5,842,317	6,101,721	4,476,511	(1,625,210)
Expenditures				
Current:				
Instruction:				
Basic programs	5,000	224,566	164,583	59,983
Supporting services:				
Pupil services	229,883	285,369	227,099	58,270
Instructional staff services	665,106	686,896	521,416	165,480
Business services	14,848	14,848	14,853	(5)
Operation and maintenance services	11,700	14,800	11,775	3,025
Central services	37,910	54,525	24,894	29,631
Other supporting services	25,000	6,000	2,290	3,710
Community services	519,969	606,784	351,903	254,881
Interdistrict	4,332,901	1,920,216	1,499,994	420,222
Payments to not-for-profit entities	-	2,179,588	1,586,090	593,498
Facilities acquisition, construction, and improvements	-	12,000	-	12,000
Total Expenditures	5,842,317	6,005,592	4,404,897	1,600,695
Excess (Deficiency) of Revenues Over Expenditures	-	96,129	71,614	(24,515)
Other Financing Sources (Uses)				
Transfers out	-	(96,129)	(45,245)	50,884
Net Change in Fund Balance	-	-	26,369	26,369
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ 26,369	\$ 26,369

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – SPECIAL EDUCATION SPECIAL REVENUE FUND**

**EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
For the year ended June 30, 2024**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Local sources	\$ 6,136,294	\$ 6,389,519	\$ 6,371,841	\$ (17,678)
Non-educational entity sources	54,138	56,638	54,049	(2,589)
State sources	4,187,979	4,863,767	4,607,796	(255,971)
Federal sources	1,937,588	2,711,804	2,645,848	(65,956)
Interdistrict sources	2,655,519	3,916,229	3,587,293	(328,936)
Total Revenues	14,971,518	17,937,957	17,266,827	(671,130)
Expenditures				
Current:				
Instruction:				
Added needs	3,037,494	3,752,290	3,623,111	129,179
Supporting services:				
Pupil services	5,692,768	7,420,707	7,162,709	257,998
Instructional staff services	976,355	1,259,304	1,207,132	52,172
General administrative services	27,740	23,740	18,802	4,938
School administration services	239,108	269,541	269,986	(445)
Business services	20,000	25,684	13,443	12,241
Operation and maintenance services	274,168	200,510	168,023	32,487
Pupil transportation services	1,013,017	1,108,757	906,130	202,627
Central services	74,710	106,902	86,528	20,374
Other supporting services	6,500	77,073	68,071	9,002
Community services	250,221	257,688	200,745	56,943
Interdistrict	2,199,734	1,803,688	1,707,128	96,560
Facilities acquisition, construction, and improvements	372,197	372,197	372,197	-
Total Expenditures	14,184,012	16,678,081	15,804,005	874,076
Excess (Deficiency) of Revenues Over Expenditures	787,506	1,259,876	1,462,822	202,946
Other Financing Sources (Uses)				
Transfers out	(771,376)	(771,376)	(771,376)	-
Net Change in Fund Balance	16,130	488,500	691,446	202,946
Fund Balance, Beginning of Year	2,173,219	2,173,219	2,173,219	-
Fund Balance, End of Year	\$ 2,189,349	\$ 2,661,719	\$ 2,864,665	\$ 202,946

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – CTE SPECIAL REVENUE FUND**

**EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
For the year ended June 30, 2024**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Local sources	\$ 2,778,370	\$ 2,990,715	\$ 2,994,131	\$ 3,416
State sources	29,465	316,394	201,643	(114,751)
Federal sources	109,075	140,090	140,090	-
Interdistrict sources	31,332	75,693	80,190	4,497
Total Revenues	2,948,242	3,522,892	3,416,054	(106,838)
Expenditures				
Current:				
Instruction:				
Added needs	95,276	260,524	191,349	69,175
Adult education services	-	34,634	20,218	14,416
Supporting services:				
Pupil services	27,238	54,110	59,433	(5,323)
Instructional staff services	302,899	325,256	318,993	6,263
General administration	2,500	-	-	-
School administration services	-	14,593	14,261	332
Business services	8,500	13,553	6,639	6,914
Operations and maintenance	-	8,630	7,350	1,280
Pupil transportation services	7,500	17,400	7,432	9,968
Central services	2,643	12,049	11,367	682
Interdistrict	2,612,327	3,453,617	3,189,252	264,365
Total Expenditures	3,058,883	4,194,366	3,826,294	368,072
Excess (Deficiency) of Revenues Over Expenditures	(110,641)	(671,474)	(410,240)	261,234
Other Financing Sources (Uses)				
Transfers out	(43,381)	(43,381)	(43,381)	-
Net Change in Fund Balance	(154,022)	(714,855)	(453,621)	261,234
Fund Balance, Beginning of Year	2,192,555	2,192,555	2,192,555	-
Fund Balance, End of Year	\$ 2,038,533	\$ 1,477,700	\$ 1,738,934	\$ 261,234

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

**EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
June 30, 2024**

	Business-Type Activities		Governmental Activities
	Special Education Transportation Fund	Childcare Center Fund	Travel Fund
Assets			
Current Assets			
Cash equivalents and investments (Note B)	\$ 563,689	\$ -	\$ 212,892
Accounts receivable	-	2,117	-
Due from other governmental units	322,091	11,160	-
Total Current Assets	885,780	13,277	212,892
Noncurrent Assets			
Buses	786,831	-	-
Vehicles	145,642	-	380,938
Less: accumulated depreciation	(660,325)	-	(243,487)
Total Noncurrent Assets	272,148	-	137,451
Total Assets	1,157,928	13,277	350,343
Liabilities			
Current Liabilities			
Accounts payable	15,267	5,031	20
Due to other governmental units	706,323	4,498	-
Salaries payable	6,644	3,748	-
Unearned revenue	157,500	-	-
Total Liabilities	885,734	13,277	20
Net Position			
Investment in capital assets	272,148	-	137,451
Unrestricted	46	-	212,872
Total Net Position	\$ 272,194	\$ -	\$ 350,323

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS**

**EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
For the year ended June 30, 2024**

	Business-Type Activities		Governmental Activities
	Special Education Transportation Fund	Childcare Center Fund	Travel Fund
Operating Revenues			
Local sources	\$ 788,666	\$ 406,973	\$ 114,914
Incoming transfers and other financial sources	488,094	-	-
Total Operating Revenues	1,276,760	406,973	114,914
Operating Expenses			
Salaries	553,655	13,556	-
Employee benefits	436,322	1,558	-
Purchased services	122,178	367,400	42,865
Supplies and materials	160,914	20,391	43,163
Miscellaneous	3,693	4,068	2,514
Depreciation expense	102,370	-	32,152
Total Operating Expenses	1,379,132	406,973	120,694
Operating Income (Loss)	(102,372)	-	(5,780)
Nonoperating Revenues			
Investment income	-	-	7,298
Capital contributions	18,262	-	-
Total Nonoperating Revenues	18,262	-	7,298
Change In Net Position	(84,110)	-	1,518
Net Position, Beginning of Year	356,304	-	348,805
Net Position, End of Year	\$ 272,194	\$ -	\$ 350,323

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

**EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
For the year ended June 30, 2024**

	Business-Type Activities		Governmental Activities
	Special Education Transportation Fund	Childcare Center Fund	Travel Fund
Cash Flows From Operating Activities			
Receipts from local districts	\$ 368,200	\$ 393,696	\$ 114,914
Receipts from interfund services provided	788,666	-	-
Payments to suppliers	(446,771)	(382,330)	(91,119)
Payments to employees	(983,333)	(11,366)	-
Net Cash Provided (Used) By Operating Activities	(273,238)	-	23,795
Cash Flows From From Capital and Related Financing Activities			
Purchase of capital assets	-	-	(14,655)
Cash Flows From Investing Activities			
Interest received	-	-	7,298
Net Increase (Decrease) In Cash Equivalents and Investments	(273,238)	-	16,438
Cash Equivalents and Investments, Beginning of Year	836,927	-	196,454
Cash Equivalents and Investments, End of Year	\$ 563,689	\$ -	\$ 212,892
Reconciliation of Operating Income (Loss) To Net Cash Provided (Used) By Operating Activities			
Operating income (loss)	\$ (102,372)	\$ -	\$ (5,780)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	102,370	-	32,152
Changes in assets and liabilities:			
Increase in accounts receivable	-	(2,117)	-
Increase in due from other governmental units	(142,394)	(11,160)	-
Increase in accounts payable	9,442	5,031	(2,577)
Increase in due to other governmental units	(169,428)	4,498	-
Increase in salaries payable	6,644	3,748	-
Increase in unearned revenue	22,500	-	-
Total adjustments	(170,866)	-	29,575
Net Cash Provided (Used) By Operating Activities	\$ (273,238)	\$ -	\$ 23,795

NOTES TO BASIC FINANCIAL STATEMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT

June 30, 2024

Note A – Summary of Significant Accounting Policies

Eastern Upper Peninsula Intermediate School District (the “District”) was organized under the School Code of the State of Michigan, and services a population of approximately 6,188 students. The District is governed by an elected Board of Education consisting of seven members and administered by a Superintendent who is appointed by the aforementioned Board. The District provides a comprehensive range of educational services to students and local school districts, as specified by state statute and Board of Education policy, including instruction, pupil support services, special education, pupil transportation and general administrative services. The Board of Education also has broad financial responsibilities, including the approval of the annual budgets and the establishment of a system of accounting and budgetary controls.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to school districts. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District’s significant accounting policies are described below.

1. Reporting Entity

The financial reporting entity consists of a primary government and its component units. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and the District is not included in any other governmental reporting entity. Consequently, the District’s financial statements include the funds of those organizational entities for which its elected governing board is financially accountable.

2. District-wide and Fund Financial Statements

District-wide Financial Statements - The district-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) present financial information about the District as a whole. The reported information includes all of the nonfiduciary activities of the District. The District does not allocate indirect costs and, for the most part, the effect of interfund activity has been removed. These statements are to distinguish between the *governmental* and *business-type activities* of the District. *Governmental activities* normally are supported by taxes and intergovernmental revenues, and are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Net Position is reported on the full accrual, economic resources basis, which recognizes all long-term assets as well as all long-term debt and obligations. The District’s net position is reported in three parts: net investment in capital assets, restricted net position, and unrestricted net position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes, unrestricted state aid, interest earnings and other items not included among program revenues are reported instead as *general revenues*.

NOTES TO BASIC FINANCIAL STATEMENTS

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT

June 30, 2024

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The District's major funds include the General Fund, the Early Childhood Fund, the Special Education Fund, the Career and Technical Education (CTE) Fund and the Building Capital Projects Fund. Nonmajor funds are aggregated and presented in a single column. Proprietary funds include the Special Education Transportation Fund, the Childcare Center Fund, and the Travel Internal Service Fund.

Fund Financial Statements – Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Fund level statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. The Balance Sheet reports current assets, current liabilities, and fund balances. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources and uses of current financial resources. This differs from the economic resources measurement focus used to report at the district-wide level. Reconciliations between the two sets of statements are provided separately.

Revenues are recognized when susceptible to accrual, i.e., 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 District considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Expenditures are generally recorded when the liability is incurred if they are paid within 60 days after the end of the current fiscal period. The exception to this general rule is that principal and interest on long-term debt is recognized when due.

Revenues susceptible to accrual are property taxes, state aid, federal and interdistrict revenues and investment income. Other revenues are recognized when received. Unearned revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenue also arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of the qualifying expenditures.

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental Funds

Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use and balances of a school district's expendable financial resources and the related current liabilities are accounted for through governmental funds.

Major Funds:

The *General Fund* is the general operating fund of the District. It is used to account for all financial resources, except those required to be accounted for in another fund.

The *Early Childhood Fund* accounts for revenue sources that are legally restricted to expenditure for early childhood purposes.

NOTES TO BASIC FINANCIAL STATEMENTS

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT

June 30, 2024

The *Special Education Fund* accounts for revenue sources that are legally restricted to expenditure for special education purposes.

The *Career and Technical Education Fund* (CTE) accounts for revenue sources that are legally restricted to expenditure for vocational education purposes.

Capital Projects Fund – The Building Capital Projects Fund is used to record the bond proceeds, investment earnings and the disbursement of the monies specifically designated for acquiring new school sites, buildings, equipment and for major remodeling and repairs. The fund will be retained until the purpose for which the fund was created has been accomplished.

Nonmajor Funds:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

Proprietary Funds

The District reports the following proprietary funds:

Special Education Transportation Enterprise Fund accounts for the transportation of local districts' special education students.

Travel Internal Service Fund accounts for the District's fleet activities, which is funded by charging the other funds within the District.

Childcare Center Fund accounts for the District's childcare center activities, which is funded by charging the other funds within the District.

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

4. Budgets and Budgetary Accounting

State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act) requires that the General Fund of a school district be under budgetary control and that both budgeted and actual financial results do not incur a deficit. Eastern Upper Peninsula Intermediate School District has also adopted budgets for its Special Revenue Funds. A school district's Budget Appropriations Act (the "budget") must be adopted before the beginning of each fiscal year.

No violations (dollar deviations) from a district's budget may occur without a corresponding amendment to the budget. A school district has the ability to amend the budget provided that the amendment is prior to the occurrence of the deviation and prior to the fiscal year end. A school district may also permit the chief administrative or fiscal officer to execute transfers between line items, within defined dollar or percentage limits, without prior approval of the Board of Education. Expenditures may not legally exceed budgeted appropriations at the function level. All appropriations lapse at the end of the fiscal year.

NOTES TO BASIC FINANCIAL STATEMENTS

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT

June 30, 2024

The District's Early Childhood Fund received revenues below final budgeted amounts resulting a deficit for the fiscal year ended June 30, 2024. See the Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual on page 29.

Eastern Upper Peninsula Intermediate School District utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- Starting in the spring, District administrative personnel and department heads work with the Superintendent and Business Manager to establish proposed operating budgets for the fiscal year commencing the following July 1.
- In June, preliminary operating budgets are submitted to the Board of Education. These budgets include proposed expenditures and the means of financing them.
- Prior to June 30, a public hearing is held to obtain taxpayer comments on the proposed budgets.
- After the budgets are finalized, the Board of Education adopts an appropriations resolution setting forth the amount of the proposed expenditures and the sources of revenue to finance them.
- The original General and Special Revenue Funds budgets were amended during the year in compliance with State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act).
- Budgets for the General and Special Revenue Funds were adopted on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

5. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budget integration in the governmental funds. There were no substantial encumbrances outstanding at year end.

6. Investments

Investments are recorded at fair value. Investment income is composed of interest and net changes in the fair value of applicable investments.

7. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the district-wide and fund financial statements. The cost of prepaid items is recorded as expenses/expenditures when consumed rather than when purchased.

NOTES TO BASIC FINANCIAL STATEMENTS

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT

June 30, 2024

8. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, vehicles and furniture and equipment, are reported in the district-wide financial statements. Assets having a useful life in excess of one year and whose costs exceed \$5,000 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's useful life are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related assets.

Land improvements, buildings and improvements, furniture and equipment and vehicles are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	20 - 50 years
Buildings and improvements	40 - 50 years
Furniture and equipment	3 - 10 years
Vehicles	5 - 10 years

9. Long-term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payables are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

10. Accumulated Sick Leave

Accumulated sick leave at June 30, 2024 has been computed and recorded in the basic financial statements of the District. Employees who leave the District are entitled to reimbursement for a portion of their unused sick days. At June 30, 2024, the accumulated liabilities, including salary related payments, for accumulated sick leave amounted to \$98,004.

11. Retirement Plan

Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, were implemented by the District during the fiscal year ended June 30, 2015. These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, the Statements identify the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

NOTES TO BASIC FINANCIAL STATEMENTS

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT

June 30, 2024

Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Cost sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans – pension plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

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

12. Postemployment Benefits Other Than Pensions

Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was implemented by the District during the fiscal year ended June 30, 2018. This Statement establishes standards for recognizing and measuring other postemployment benefits (OPEB) liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB plans, the Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about OPEB are also addressed. Distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet specific criteria. Cost-sharing employers are those whose employees are provided with defined benefit OPEB through cost-sharing multiple-employer OPEB plans—OPEB plans in which the OPEB obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides OPEB through the OPEB plan.

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

13. Deferred Outflows/Inflows 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 future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has two such items that qualify for reporting in this category: the deferred outflows of resources relating to the recognition of net pension liability on the financial statements and the deferred outflows of resources relating to the recognition of net OPEB asset on the financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT

June 30, 2024

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has two types of items that qualify for reporting in this category: the deferred inflows of resources relating to the recognition of net pension liability on the financial statements and the deferred inflows of resources relating to the recognition of net OPEB asset on the financial statements.

14. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition or construction of those assets. Net position is reported as restricted when there are limitations imposed on their use either through legislation or through external restrictions imposed by creditors, grantors, laws, or regulations from other governments.

15. Fund Balance

The District had adopted Governmental Accounting Standards Board (GASB) Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. The stated objective of GASB Statement No. 54 is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds, detailed as follows:

- Nonspendable – resources that cannot be spent because they are either (a) not in spendable form (inventories and prepaid amounts) or (b) legally or contractually required to be maintained intact (the principal of a permanent fund).
- Restricted – resources that cannot be spent because of (a) constraints externally imposed by creditors (debt covenants), grantors, contributors, or laws or regulations or (b) imposed by law through constitutional provisions or enabling legislation and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.
- Committed – resources that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (Board of Education). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified uses by taking the same type of action it employed to previously commit those amounts. Committed fund balance does not lapse at year end.
- Assigned – resources that are constrained by the government's *intent* to be used for specific purposes but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body or official to which the governing body has designated the authority to assign amounts to be used for specific purposes. Assigned fund balance does not lapse at year end.

NOTES TO BASIC FINANCIAL STATEMENTS

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT

June 30, 2024

- Unassigned – unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

As of June 30, 2024, Eastern Upper Peninsula Intermediate School District had not established a policy for its use of unrestricted fund balance amounts; it considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

16. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses.

17. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note B – Cash Equivalents, Deposits, and Investments

The State of Michigan allows a political subdivision to authorize its Treasurer or other chief fiscal officer to invest surplus funds belonging to and under the control of the entity as follows:

- 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.
- Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this State under the laws of this State or the United States.
- Commercial paper rated at time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.
- Securities issued or guaranteed by agencies or instrumentalities of the United States government.
- United States government or Federal agency obligation repurchase agreements.
- Banker's acceptances issued by a bank that is a member of the Federal Deposit Insurance Corporation.

NOTES TO BASIC FINANCIAL STATEMENTS

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT

June 30, 2024

- Mutual funds composed entirely of investment vehicles which are legal for direct investment by a school district in Michigan.
- Investment pools, as authorized by the surplus funds investment pool act, Act No. 367 of the Public Acts of 1982, being sections 129.11 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a school district in Michigan.

Balances at June 30, 2024 related to cash equivalents and investments are detailed in the Basic Financial Statements as follows:

Statement of Net Position:	
Governmental activities	\$ 15,702,193
Business-Type Funds:	
Proprietary Funds	<u>563,689</u>
	<u>\$ 16,265,882</u>

Cash Equivalents

Depositories actively used by the District during the year are detailed as follows:

1. Central Savings Bank
2. Huntington Bank
3. Old Mission Bank

Cash equivalents consist of bank public funds checking and savings accounts.

June 30, 2024 balances are detailed as follows:

Cash equivalents	<u>\$ 3,816,239</u>
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Custodial Credit Risk Related to Deposits

Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to the District. Protection of District deposits is provided by the Federal Deposit Insurance Corporation. At year end, the carrying amount of the District's cash equivalents was \$3,816,239, and the bank balance was \$3,745,195 of which \$655,694 was covered by federal depository insurance and \$3,089,501 was uninsured and uncollateralized.

Investments

As of June 30, 2024 the District had the following investments:

Surplus Funds Investment Pool Accounts:	
Michigan Liquid Asset Fund (MILAF+ Cash Mgmt)	\$ 6,583
Michigan Liquid Asset Fund (MILAF+ MAX Class)	<u>12,443,060</u>
	<u>\$ 12,449,643</u>

NOTES TO BASIC FINANCIAL STATEMENTS

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT

June 30, 2024

The Michigan Liquid Asset Fund Plus (MILAF) is an external pooled investment fund that includes qualified investments in accordance with the applicable sections of the School Code. MILAF is not regulated or registered with the Securities Exchange Commission. The MILAF+ Fund was carried at amortized cost and was rated AAAm by Standard and Poor's. The MILAF+ MAX Class requires a 14-day redemption notice.

Custodial Credit Risk Related to Investments

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the District may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District will minimize custodial credit risk by limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the District will do business. At June 30, 2024, the District had no investments that were subject to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The District's investment policy does not specifically address credit risk but minimizes its credit risk by limiting investments to the types allowed by the State.

Interest Rate Risk

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

Concentration of Credit Risk

The District minimizes concentration of credit risk which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. The District's investment policy places no restrictions on the amount or percentage that may be invested in any one type of security.

Foreign Currency Risk

The District is not authorized to invest in investments which have this type of risk.

Note C – State School Aid/Property Taxes

On March 15, 1994, the voters of the State of Michigan approved Proposal A, which increased the State Sales and Use Tax rates from 4% to 6% and established a State Education Tax at a rate of 6 mills on all property, except that which is exempt by law from ad valorem property taxes, and dedicated the additional revenues generated to Michigan school districts.

The State of Michigan utilizes a foundation allowance approach, which provides for a specific annual amount of revenue per student based on a State-wide formula. The foundation allowance is funded from a combination of State and local sources. Revenues from State sources are primarily governed by the School Aid Act and the School Code of Michigan. The State portion of the foundation is provided from the State's School Aid Fund and is recognized as revenues in accordance with State law and accounting principles generally accepted in the United States of America. These State revenues pass through to Michigan school districts in the form of a per pupil "Foundation Allowance" paid on a "blended count" of District pupil membership in February 2023 and October 2023.

NOTES TO BASIC FINANCIAL STATEMENTS

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT

June 30, 2024

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

Eastern Upper Peninsula Intermediate School District's State Aid pupil membership for 2023-24 was 6,188 "full-time equivalent students." This generated \$11,955,636 in "categorical" state aid payments to the District of which \$2,055,369 was paid to the District in July and August 2024 and included in "Due From Other Governmental Units" of the General Fund, and various Special Revenue Funds of the District.

Property taxes for the District are levied on December 1 (the tax lien date) by the Counties of Chippewa, Luce, Mackinac and Schoolcraft and are due 75 days after levy dates. The taxes are then collected by each governmental unit and remitted to the District.

As Eastern Upper Peninsula Intermediate School District electors had previously (November 2022) approved an operating millage extension, the .2000 property tax millage was levied in the District for 2023.

The District levied 2.7442 mills for special and vocational education purposes in 2024, applied on all taxable property in the District.

Taxable property in the District is assessed initially at 50% of true cash value by the assessing officials of the various units of government that comprise the District. These valuations are then equalized by the county and finally by the State of Michigan, generating the State Equalized Valuation. Taxable valuation increases will be limited, or capped (known as capped valuation), at 5% or the rate of inflation, whichever is less. With the implementation of Proposal A and Public Act 36, taxable property is now divided into two categories: PRE and NPRES.

The District is subject to tax abatements granted by the Counties of Chippewa, Mackinac, Luce, and Schoolcraft with local businesses under the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption) PA 198 of 1974, as amended, provides a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assists in the building of new facilities, and promotes the establishment of high tech facilities. An Industrial Facilities Exemption (IFE) certificate entitles the facility to exemption from ad valorem real and/or personal property taxes for a term up to 12 years as determined by the local unit of government. The agreements entered into by each local unit include claw back provisions should the recipient of the tax abatement fail to fully meet its commitments, such as employment levels and timelines for relocation. The tax abated property taxes are calculated by applying half the local property tax millage rate on the total IFT taxable value. This amounts to a reduction in property tax revenue of approximately 50%.

For the year ended June 30, 2024, there were no businesses located within the Eastern Upper Peninsula Intermediate School District boundaries with an active IFE certificate.

NOTES TO BASIC FINANCIAL STATEMENTS

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT

June 30, 2024

Note D – Interfund Receivables/Payables and Transfers

The District did not have interfund receivables/payables as of June 30, 2024.

Transfers between funds for budgeted transfers and to allocate costs to the between funds were as follows at June 30, 2024:

Major Funds	Transfers In	Transfers Out
General Fund:		
Special Revenue Funds:		
Early Childhood	\$ 45,245	\$ -
Special Education	416,663	-
Career and Technical Education	43,381	-
Cooperative Activities	45,000	125,113
Capital Projects Fund:		
Building Capital Projects	-	1,417,000
	<hr/> 550,289	<hr/> 1,542,113
Special Revenue Funds:		
Early Childhood:		
General Fund	-	45,245
Special Education:		
General Fund	-	416,663
Cooperative Activities	-	107,870
Building Capital Projects	-	246,843
Career and Technical Education:		
General Fund	-	43,381
	<hr/> -	<hr/> 860,002
Capital Projects Fund:		
Building Capital Projects:		
General Fund	1,417,000	-
Special Education	246,843	-
	<hr/> 1,663,843	<hr/> -
Total Major Funds	<hr/> 2,214,132	<hr/> 2,402,115

NOTES TO BASIC FINANCIAL STATEMENTS

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT

June 30, 2024

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Nonmajor Funds</u>		
Special Revenue Funds:		
Cooperative Activities:		
General Fund	\$ 125,113	\$ 45,000
Special Education	107,870	-
Business Services Consortium	18,250	-
Business Services Consortium:		
Special Education	-	18,250
	<hr/>	<hr/>
Total Nonmajor Funds	251,233	63,250
	<hr/>	<hr/>
Total All Funds	\$ 2,465,365	\$ 2,465,365

NOTES TO BASIC FINANCIAL STATEMENTS

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT

June 30, 2024

Note E – Capital Assets

Capital asset activity for the year ended June 30, 2024 was as follows:

	Balances				Balances
	July 1, 2023	Additions	Adjustments	Deductions	June 30, 2024
Capital assets not being depreciated:					
Land	\$ 68,616	\$ -	\$ -	\$ -	\$ 68,616
Construction in progress	7,244,163	670,185	-	7,891,889	22,459
Total capital assets not being depreciated	<u>7,312,779</u>	<u>\$ 670,185</u>	<u>\$ -</u>	<u>\$ 7,891,889</u>	<u>91,075</u>
Capital assets being depreciated:					
Land improvements	256,511	\$ 153,731	\$ -	\$ -	410,242
Buildings and improvements	1,614,995	7,792,476	-	-	9,407,471
Furniture and equipment	1,426,779	401,885	-	-	1,828,664
Vehicles	518,709	18,920	(64,447)	27,395	445,787
Total capital assets being depreciated	<u>3,816,994</u>	<u>\$ 8,367,012</u>	<u>\$ (64,447)</u>	<u>\$ 27,395</u>	<u>12,092,164</u>
Less accumulated depreciation for:					
Land improvements	176,157	\$ 14,735	\$ -	\$ -	190,892
Buildings and improvements	972,045	212,663	-	-	1,184,708
Furniture and equipment	1,040,055	96,237	-	-	1,136,292
Vehicles	336,523	43,282	(60,182)	27,395	292,228
Total accumulated depreciation	<u>2,524,780</u>	<u>\$ 366,917</u>	<u>\$ (60,182)</u>	<u>\$ 27,395</u>	<u>2,804,120</u>
Total capital assets being depreciated, net	<u>1,292,214</u>				<u>9,288,044</u>
Net Capital Assets	<u>\$ 8,604,993</u>				<u>\$ 9,379,119</u>

Depreciation expense was charged to District activities as follows:

Governmental activities:	
Supporting services	<u>\$ 366,917</u>

NOTES TO BASIC FINANCIAL STATEMENTS

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT

June 30, 2024

Business-Type Activities	Balances				Balances
	July 1, 2023	Additions	Adjustments	Deductions	June 30, 2024
Capital assets being depreciated:					
Buses	\$ 1,078,120	\$ -	\$ -	\$ 291,289	\$ 786,831
Vehicles	23,000	58,195	64,447	-	145,642
Total capital assets being depreciated	<u>1,101,120</u>	<u>\$ 58,195</u>	<u>\$ 64,447</u>	<u>\$ 291,289</u>	<u>932,473</u>
Less accumulated depreciation for:					
Buses	733,364	\$ 78,177	\$ -	\$ 247,091	564,450
Vehicles	11,500	24,193	60,182	-	95,875
Total accumulated depreciation	<u>744,864</u>	<u>\$ 102,370</u>	<u>\$ 60,182</u>	<u>\$ 247,091</u>	<u>660,325</u>
Net Capital Assets	<u>\$ 356,256</u>				<u>\$ 272,148</u>

Depreciation expense was charged to District activities as follows:

Business-type activities:	
Special Education transportation services	<u>\$ 102,370</u>

Note F – Long-term Obligations

Changes in long-term obligations for the year ended June 30, 2024 are summarized as follows:

	Debt		Debt	
	Outstanding July 1, 2023	Debt Added	Debt Retired	Outstanding June 30, 2024
General obligation bonds:				
September 21, 2021	\$ 2,955,000	\$ -	\$ 265,000	\$ 2,690,000
Accumulated sick leave	101,467	-	3,463	98,004
	<u>\$ 3,056,467</u>	<u>\$ -</u>	<u>\$ 268,463</u>	<u>\$ 2,788,004</u>

NOTES TO BASIC FINANCIAL STATEMENTS

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT

June 30, 2024

Long-term obligations at June 30, 2024 are comprised of the following:

	Final Maturity Dates	Interest Rates	Outstanding Balance	Amount Due Within One Year
General Obligation Bonds				
\$3,460,000 Building and Site: Annual maturities of \$275K to \$325K	May 1, 2033	2.17%	\$ 2,690,000	\$ 275,000
Other Obligations				
Accumulated sick leave			98,004	20,000
			<u>\$ 2,788,004</u>	<u>\$ 295,000</u>

The annual requirements to pay principal and interest on long-term bonds are as follows:

Years Ending June 30	Principal	Interest	Total
2025	\$ 275,000	\$ 58,374	\$ 333,374
2026	280,000	52,406	332,406
2027	285,000	46,330	331,330
2028	290,000	40,146	330,146
2029	300,000	33,852	333,852
2030	305,000	27,342	332,342
2031	310,000	20,724	330,724
2032	320,000	13,996	333,996
2033	325,000	7,052	332,052
	<u>\$ 2,690,000</u>	<u>\$ 300,222</u>	<u>\$ 2,990,222</u>

Note G – Retirement Plan

Plan Description

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

NOTES TO BASIC FINANCIAL STATEMENTS

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT

June 30, 2024

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 www.michigan.gov/orsschools.

Benefits Provided

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The age and service requirements range from attaining the age of 46 to 60 with years of service ranging from 5 to 30 years, depending on when the employee became a member. Early retirement is computed in the same manner as a regular pension but is permanently reduced by .50 percent for each full and partial month between the pension effective date and the date the member will attain age 60. There is no mandatory retirement age. The System also provides disability and survivor benefits to DB plan members.

Certain employees have the option to participate in the defined contribution (DC) plan that provides a 50 percent employer match (up to 3 percent of salary) on employee contributions.

Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent. Some members who do not receive an annual increase are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions.

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

Contributions and Funded Status

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.

NOTES TO BASIC FINANCIAL STATEMENTS

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT

June 30, 2024

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, 2022 valuation will be amortized over a 16-year period beginning October 1, 2022 and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for the plan fiscal year ended September 30, 2023.

Plan Name	Pension Contribution Rates:		
	Plan Status	Member	District
Basic	Closed	0.0 – 4.0 %	20.16%
Member Investment Plan (MIP)	Closed	3.0 – 7.0%	20.16%
Pension Plus	Closed	3.0 – 6.4 %	17.24%
Pension Plus 2	Open	6.2%	19.95%
Defined Contribution	Open	0.0%	13.75%

The District's contributions to MPSERS under all pension plans for the year ended June 30, 2024 inclusive of the MSPERS UAAL Stabilization, totaled \$3,440,560.

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

As of June 30, 2024, the District reported a liability of \$25,389,677 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2022. 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 the pension contributions required from all applicable employers during the measurement period. As of September 30, 2023 the District's proportion was 0.07844536% which was an increase from 0.07547399% at September 30, 2022.

NOTES TO BASIC FINANCIAL STATEMENTS

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT

June 30, 2024

For the year ended June 30, 2024 the District recognized pension expense of \$4,307,007. As of June 30, 2024, 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
Difference between expected and actual experience	\$ 801,475	\$ 38,893
Changes of assumptions	3,440,417	1,983,666
Net difference between projected and actual earnings on pension plan investments	—	519,555
Changes in proportion and differences between District contributions and proportionate share of contributions	1,836,234	42,477
District contributions subsequent to the measurement date*	3,058,487	—
Total	\$ 9,136,613	\$ 2,584,591

* This amount, reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

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

Years Ending June 30	Amount
2025	\$ 1,442,990
2026	949,159
2027	1,383,369
2028	(281,983)

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.

NOTES TO BASIC FINANCIAL STATEMENTS

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT

June 30, 2024

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

Valuation Date:	September 30, 2022
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	
MIP and Basic Plans (Non-Hybrid):	6.00% net of investment expenses
Pension Plus Plan (Hybrid):	6.00% net of investment expenses
Pension Plus 2:	6.00% net of investment expenses
Projected Salary Increases:	2.75% - 11.55%, including wage inflation of 2.75%
Cost-of-Living Adjustments:	3% annual non-compounded for MIP members
Mortality:	
Retirees:	PubT-2010 Male and Female Retiree Mortality Tables scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Active Members:	PubT-2010 Male and Female Employee Mortality Tables scaled by 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Notes:

- Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2023 valuation. The total pension liability as of September 30, 2023 is based on the results of an actuarial valuation date of September 30, 2022 and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: [4.4406 for non-university employers].
- Recognition period for assets in years: 5.0000.
- Full actuarial assumptions are available in the 2023 MPSERS Annual Comprehensive Financial Report found on the ORS website at (www.michigan.gov/orsschools).

NOTES TO BASIC FINANCIAL STATEMENTS

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT

June 30, 2024

Long-Term Expected Rate of Return on Investments

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, 2023 are summarized in the following table:

Investment Category	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	25.0%	5.8%
Private Equity Pools	16.0%	9.6%
International Equity	15.0%	6.8%
Fixed Income Pools	13.0%	1.3%
Real Estate and Infrastructure Pools	10.0%	6.4%
Absolute Return Pools	9.0%	4.8%
Real Return/Opportunistic Pools	10.0%	7.3%
Short-term Investment Pools	2.0%	0.3%
Total	100.0%	

*Long-term rates of return are net of administrative expenses and 2.7% inflation.

Rate of Return

For the fiscal year ended September 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.29%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

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

NOTES TO BASIC FINANCIAL STATEMENTS

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT

June 30, 2024

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 6.00% (6.00% 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 5.00%	Current Discount Rate Assumption 6.00%	1% Increase 7.00%
District’s proportionate share of the net pension liability	\$34,301,380	\$25,389,677	\$17,970,363

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

Detailed information about the pension plan’s fiduciary net position is available in the separately issued Michigan Public School Employees’ Retirement System September 30, 2023 Annual Comprehensive Financial Report, available here: (www.michigan.gov/orsschools).

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

Payables to the pension plan totaling \$353,166 at June 30, 2024 arise from the normal legally required contributions based on the accrued salaries payable at year end, expected to be liquidated with expendable available financial resources and is included in Due to Other Governmental Units.

Note H – Other Postemployment Benefits

Plan Description

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

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT

June 30, 2024

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

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

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

Contributions and Funded Status

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

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2022 valuation will be amortized over a 16-year period beginning October 1, 2022 and ending September 30, 2038.

NOTES TO BASIC FINANCIAL STATEMENTS

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT

June 30, 2024

The schedule below summarizes OPEB contribution rates in effect for fiscal year ended September 30, 2023:

OPEB Contribution Rates:

Benefit Structure	Member	District
Premium Subsidy	3.0%	8.07%
Personal Healthcare Fund (PHF)	0.0 %	7.21%

Required contributions to the OPEB plan from the District were \$731,939 for the year ended June 30, 2024.

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

As of June 30, 2024, the District reported an asset of \$462,587 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2022. 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. As of September 30, 2023 the District's proportion was 0.08177270% which was an increase from 0.07439168% at September 30, 2022.

For the year ended June 30, 2024, the District recognized OPEB credit of \$1,293,769. At June 30, 2024, 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
Difference between expected and actual experience	\$ —	\$ 3,495,544
Changes of assumptions	1,029,799	124,007
Net difference between projected and actual earnings on OPEB plan investments	1,410	—
Changes in proportion and differences between District contributions and proportionate share of contributions	707,503	70,474
District contributions subsequent to the measurement date*	568,984	—
Total	\$ 2,307,696	\$ 3,690,025

* This amount, reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025.

NOTES TO BASIC FINANCIAL STATEMENTS

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT

June 30, 2024

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

Years Ending June 30		Amount
2025	\$	(623,983)
2026		(613,801)
2027		(187,150)
2028		(250,840)
2029		(183,550)
Thereafter		(91,989)

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

Valuation Date:	September 30, 2022
Actuarial Cost Method:	Entry Age, Normal
Asset Valuation Method:	Fair Value
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.00% net of investment expense
Projected Salary Increases:	2.75% - 11.55%, including wage inflation of 2.75%
Healthcare Cost Trend Rate:	Pre-65 - 7.50% Year 1 graded to 3.5% Year 15 Post-65 - 6.25% Year 1 graded to 3.5% Year 15
Mortality:	
Retirees:	PubT-2010 Male and Female Retiree Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Active Members:	PubT-2010 Male and Female Employee Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

NOTES TO BASIC FINANCIAL STATEMENTS

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT

June 30, 2024

Other Assumptions:

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

Notes:

- Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual OPEB valuations beginning with the September 30, 2023 valuation. The total OPEB asset as of September 30, 2023 is based on the results of an actuarial valuation date of September 30, 2022 and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: [6.5099 for non-university employers].
- Recognition period for assets in years: 5.0000.
- Full actuarial assumptions are available in the 2023 MPSERS Annual Comprehensive Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Rate of Return on Investments

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, 2023, are summarized in the following table:

Investment Category	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	25.0%	5.8%
Private Equity Pools	16.0%	9.6%
International Equity	15.0%	6.8%
Fixed Income Pools	13.0%	1.3%
Real Estate and Infrastructure Pools	10.0%	6.4%
Absolute Return Pools	9.0%	4.8%
Real Return/Opportunistic Pools	10.0%	7.3%
Short-term Investment Pools	2.0%	0.3%
Total	100.0%	

* Long-term rates of return are net of administrative expenses and 2.7% inflation.

NOTES TO BASIC FINANCIAL STATEMENTS

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT

June 30, 2024

Rate of Return

For the fiscal year ended September 30, 2023, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 7.94%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 6.00% was used to measure the total OPEB asset. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.00%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the District's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 6.00 percent, as well as what the District's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
District's proportionate share of the net OPEB liability	\$479,564	(\$462,587)	(\$1,272,273)

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

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	(\$1,274,292)	(\$462,587)	\$415,944

NOTES TO BASIC FINANCIAL STATEMENTS

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT

June 30, 2024

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2023 MPSERS Annual Comprehensive Financial Report, available on the ORS website at www.michigan.gov/orsschools.

Payables to the OPEB Plan

Payables to the OPEB plan totaling \$21,917 at June 30, 2024 arise from the normal legally required contributions based on the accrued salaries payable at year end, expected to be liquidated with expendable available financial resources and is included in Due to Other Governmental Units.

Note I – Risk Management and Employee Benefits

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

There were no significant reductions in insurance coverage in fiscal 2023-24, and as of year ended June 30, 2024, there were no material pending claims against the District.

Note J – Stewardship, Compliance and Accountability

The District has an unrestricted net position deficit of \$17,762,824 and a total net position deficit of \$1,912,477, as of June 30, 2024. These deficit net positions result primarily from the net pension and OPEB liabilities of \$18,837,655 and \$919,742, respectively (net of deferred outflows and inflows of resources related to the pension and OPEB plans).

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MPSERS COST-SHARING MULTIPLE-EMPLOYER PLAN**

**EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
June 30, 2024**

	<u>Year Ended June 30, 2024</u>	<u>Year Ended June 30, 2023</u>	<u>Year Ended June 30, 2022</u>
District's proportion of the net pension liability	0.07844536%	0.07547399%	0.07255356%
District's proportionate share of the net pension liability	\$ 25,389,677	\$ 28,384,801	\$ 17,177,355
District's covered-employee payroll	\$ 8,695,160	\$ 8,298,005	\$ 6,918,881
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	292.00%	342.07%	248.27%
Plan fiduciary net position as a percentage of the total pension liability	65.91%	60.77%	72.60%

The amounts presented for each fiscal year were determined as of September 30 of the preceding year.

Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015
0.06701467%	0.06304277%	0.05839787%	0.05533184%	0.05254424%	0.04851513%	0.04649827%
\$ 23,020,268	\$ 20,877,646	\$ 17,555,454	\$ 14,338,832	\$ 13,109,358	\$ 11,849,833	\$ 10,241,943
\$ 6,122,380	\$ 5,679,536	\$ 5,172,448	\$ 4,682,057	\$ 4,579,941	\$ 4,051,545	\$ 3,994,803
376.00%	367.59%	339.40%	306.25%	286.23%	292.48%	256.38%
59.72%	60.08%	62.12%	63.96%	63.01%	62.92%	66.15%

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
(ASSET) MPSERS COST-SHARING MULTIPLE-EMPLOYER PLAN**

**EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
June 30, 2024**

	<u>Year Ended June 30, 2024</u>	<u>Year Ended June 30, 2023</u>	<u>Year Ended June 30, 2022</u>
District's proportion of the net OPEB liability (asset)	0.08177270%	0.07439168%	0.07597216%
District's proportionate share of the net OPEB liability (asset)	\$ (462,587)	\$ 1,575,662	\$ 1,159,622
District's covered-employee payroll	\$ 8,695,160	\$ 8,298,005	\$ 6,918,881
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	(5.32%)	18.99%	16.76%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	105.04%	82.89%	87.33%

The amounts presented for each fiscal year were determined as of September 30 of the preceding year.

Note: GASB Statement No 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

<u>Year Ended June 30, 2021</u>	<u>Year Ended June 30, 2020</u>	<u>Year Ended June 30, 2019</u>	<u>Year Ended June 30, 2018</u>
0.06880452%	0.06491822%	0.06075657%	0.05529883%
\$ 3,686,042	\$ 4,659,666	\$ 4,829,510	\$ 4,896,972
\$ 6,122,380	\$ 5,679,536	\$ 5,172,448	\$ 4,682,057
60.21%	82.04%	93.37%	104.59%
59.44%	48.67%	43.10%	36.53%

**SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
MPSERS COST-SHARING MULTIPLE-EMPLOYER PLAN**

**EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
June 30, 2024**

	Year Ended June 30, 2024	Year Ended June 30, 2023	Year Ended June 30, 2022
Contractually required contribution	\$ 3,440,560	\$ 2,880,787	\$ 2,594,498
Contributions in relation to the contractually required contribution	<u>3,440,560</u>	<u>2,880,787</u>	<u>2,594,498</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 8,918,855	\$ 8,353,630	\$ 7,195,664
Contributions as a percentage of covered employee payroll	38.58%	34.49%	36.06%

Note: GASB Statement No 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015
\$ 2,192,458	\$ 1,825,392	\$ 1,683,865	\$ 1,486,290	\$ 1,433,865	\$ 1,322,654	\$ 1,231,720
2,192,458	1,825,392	1,683,865	1,486,290	1,433,865	1,322,654	1,231,720
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 6,655,931	\$ 5,902,790	\$ 5,664,618	\$ 5,061,066	\$ 4,564,945	\$ 4,360,911	\$ 3,997,516
32.94%	30.92%	29.73%	29.37%	31.41%	30.33%	30.81%

**SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
MPSERS COST-SHARING MULTIPLE-EMPLOYER PLAN**

**EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
June 30, 2024**

	Year Ended June 30, 2024	Year Ended June 30, 2023	Year Ended June 30, 2022
Contractually required contribution	\$ 731,939	\$ 678,760	\$ 581,598
Contributions in relation to the contractually required contribution	<u>731,939</u>	<u>678,760</u>	<u>581,598</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 8,918,855	\$ 8,353,630	\$ 7,195,664
Contributions as a percentage of covered employee payroll	8.21%	8.13%	8.08%

Note: GASB Statement No 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018
\$ 524,070	\$ 480,115	\$ 452,048	\$ 375,804
<u>524,070</u>	<u>480,115</u>	<u>452,048</u>	<u>375,804</u>
\$ -	\$ -	\$ -	\$ -
\$ 6,655,931	\$ 5,902,790	\$ 5,664,618	\$ 5,061,066
7.87%	8.13%	7.98%	7.43%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT

June 30, 2024

Note A – Net Pension Liability and Contributions

Changes of benefit terms: There were no changes of benefit terms in 2023-24.

Changes of assumptions: There were no changes of benefit assumptions in 2023-24.

Note B – Net OPEB Liability (Asset) and Contributions

Changes of benefit terms: There were no changes of benefit terms in 2023-24.

Changes of assumptions: There were no changes of benefit assumptions in 2023-24.

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

**EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
June 30, 2024**

	Special Revenue			Total
	Cooperative Activities	Business Services Consortium	EUP Connect Collaborative	
Assets				
Cash equivalents and investments	\$ 748,715	\$ 1,092,941	\$ 500,578	\$ 2,342,234
Accounts receivable	157	-	-	157
Due from other governmental units	248,366	79,497	-	327,863
Total Assets	\$ 997,238	\$ 1,172,438	\$ 500,578	\$ 2,670,254
Liabilities and Fund Balance				
Liabilities				
Accounts payable	\$ 36,977	\$ 28,832	\$ -	\$ 65,809
Due to other governmental units	978	763,506	385	764,869
Salaries payable	1,929	6,884	-	8,813
Unearned revenue	43,383	-	-	43,383
Total Liabilities	83,267	799,222	385	882,874
Fund Balance				
Restricted	913,971	373,216	500,193	1,787,380
Total Liabilities and Fund Balance	\$ 997,238	\$ 1,172,438	\$ 500,578	\$ 2,670,254

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS**

**EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
For the year ended June 30, 2024**

	Special Revenue			Total
	Cooperative Activities	Business Services Consortium	EUP Connect Collaborative	
Revenues				
Local sources:				
Interest earnings	\$ 43,703	\$ 6,883	\$ 1,080	\$ 51,666
Other local sources	33,969	795,066	-	829,035
Total local sources	77,672	801,949	1,080	880,701
Interdistrict sources	1,530,809	889,309	-	2,420,118
Total Revenues	1,608,481	1,691,258	1,080	3,300,819
Expenditures				
Supporting services	1,580,727	845,989	106,751	2,533,467
Community services	-	-	7,902	7,902
Interdistrict	-	784,711	-	784,711
Total Expenditures	1,580,727	1,630,700	114,653	3,326,080
Excess (Deficiency) of Revenues Over Expenditures	27,754	60,558	(113,573)	(25,261)
Other Financing Sources (Uses)				
Transfers in	251,233	-	-	251,233
Transfers out	(45,000)	(18,250)	-	(63,250)
Total Other Financing Sources (Uses)	206,233	(18,250)	-	187,983
Net Change in Fund Balance	233,987	42,308	(113,573)	162,722
Fund Balance, Beginning of Year	679,984	330,908	613,766	1,624,658
Fund Balance, End of Year	\$ 913,971	\$ 373,216	\$ 500,193	\$ 1,787,380

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – COOPERATIVE ACTIVITIES SPECIAL REVENUE FUND**

**EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
For the year ended June 30, 2024**

	Budget	Actual	Variance
Revenues			
Local sources	\$ 86,452	\$ 77,672	\$ (8,780)
Interdistrict sources	1,590,768	1,530,809	(59,959)
Total Revenues	1,677,220	1,608,481	(68,739)
Expenditures			
Supporting services:			
Business services	220	26	194
Operation and maintenance services	23,403	18,316	5,087
Central services	1,755,010	1,562,385	192,625
Total Expenditures	1,778,633	1,580,727	197,906
Excess (Deficiency) of Revenues Over Expenditures	(101,413)	27,754	129,167
Other Financing Sources (Uses)			
Transfers in	251,233	251,233	-
Transfers out	(45,000)	(45,000)	-
Other Financing Sources (Uses)	206,233	206,233	-
Net Change in Fund Balance	104,820	233,987	129,167
Fund Balance, Beginning of Year	679,984	679,984	-
Fund Balance, End of Year	\$ 784,804	\$ 913,971	\$ 129,167

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUSINESS SERVICES CONSORTIUM SPECIAL REVENUE FUND**

**EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
For the year ended June 30, 2024**

	Budget	Actual	Variance
Revenues			
Local sources	\$ 825,713	\$ 801,949	\$ (23,764)
Interdistrict sources	908,858	889,309	(19,549)
Total Revenues	1,734,571	1,691,258	(43,313)
Expenditures			
Supporting services:			
Business services	887,996	845,989	42,007
Central services	10,892	-	10,892
Interdistrict	810,358	784,711	25,647
Total Expenditures	1,709,246	1,630,700	78,546
Excess (Deficiency) of Revenues Over Expenditures	25,325	60,558	35,233
Other Financing Sources (Uses)			
Transfers out	(18,250)	(18,250)	-
Net Change in Fund Balance	7,075	42,308	35,233
Fund Balance, Beginning of Year	330,908	330,908	-
Fund Balance, End of Year	\$ 337,983	\$ 373,216	\$ 35,233

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – EUP CONNECT COLLABORATIVE SPECIAL REVENUE FUND**

**EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
For the year ended June 30, 2024**

	Budget	Actual	Variance
Revenues			
Local sources	\$ 925	\$ 1,080	\$ 155
Expenditures			
Supporting services:			
General administration services	5,000	-	5,000
Central services	108,932	106,751	2,181
Community services	12,000	7,902	4,098
Total Expenditures	125,932	114,653	11,279
Net Change in Fund Balance	(125,007)	(113,573)	11,434
Fund Balance, Beginning of Year	613,766	613,766	-
Fund Balance, End of Year	\$ 488,759	\$ 500,193	\$ 11,434