

**ISHPEMING PUBLIC SCHOOL DISTRICT NO. 1
ISHPEMING, MICHIGAN**

AUDITED FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Ishpeming Public School District No. 1
319 E. Division Street
Ishpeming, Michigan 49849

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ishpeming Public School District No. 1 (the School District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2024, and the respective changes in financial position, and where applicable, cash flows thereof 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 the 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 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 generally accepted auditing standards 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 generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 the 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 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 the School District's basic financial statements. The Other Supplemental Information, as listed in the table of contents, is 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 Other Supplemental Information is 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 30, 2024, on our consideration of the 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 the 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 the School District's internal control over financial reporting and compliance.

Anderson, Tackman & Company, PLLC
Certified Public Accountants

October 30, 2024

Ishpeming Public School District No. 1

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of Ishpeming Public School District No. 1 (School District) financial performance provides an overview of the School District's financial activities for the year ended June 30, 2024. Please read it in conjunction with the financial statements, which begin as listed in the table of contents.

FINANCIAL HIGHLIGHTS

- Net position for the School District as a whole was reported at (\$56,664). Net position is comprised of 100% governmental activities.
- During the year, the School District expenses were \$11,447,957, while revenues from all sources totaled \$13,847,973, resulting in an increase in net position of \$2,400,016.
- The General Fund reported a net increase of \$1,158,881. This is \$1,318,515 more than the forecasted decrease of \$159,634. This was a result of revenues being \$643,358 more than forecasted, expenses being \$487,202 less than forecasted, other financing sources being \$187,955 more than forecasted, and other financing uses being \$0 less than forecasted.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the School District financially as a whole. The *District-wide Financial Statements* Statement of Net Position and the Statement of Activities, as listed in the table of contents, provide information about the activities the School District as a whole and present a longer-term view of those finances. The fund financial statements present the next level of detail and start as listed in the table of contents. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. The fund financial statements also report the School District's operations in more detail than the district-wide statements by providing information about the School District's most significant funds, as listed in the notes to the financial statements, with all other funds presented in one column as non-major funds. The remaining statement, the statement of fiduciary net position, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents.

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

Our analysis of the School District as a whole begins below. One of the most important questions asked about the School District's finances is "As a whole, what is the School District's financial condition as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the School District as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

These two statements report the School District's net position and changes in it. The School District's net position – the difference between assets/deferred outflows of resources and liabilities/deferred inflows of resources – is one way to measure the School District's financial health, or financial position. Over time, increases or decreases in the School District's net position – as reported in the Statement of Activities – is an indicator of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as private-sector companies do.

One must consider other non-financial factors, such as the quality of education provided, the safety of the schools and the condition of the School District's capital assets, to assess the overall financial health of the School District.

The Statement of Net Position and Statement of Activities report the governmental activities for the School District, which encompass all the School District's services, including instruction, supporting services, community services, athletics, and food services. Property taxes, unrestricted State Aid (foundation allowance revenue), and State and Federal grants finance most of these activities.

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

Our analysis of the School District's major funds begins on the pages below. The fund financial statements begin as listed in the table of contents and provide detailed information on the most significant funds – not the School District as a whole. Some funds are required to be established by State law, and by bond covenants. However, the School District's Board of Education has established other funds to help it control and manage money for particular purposes. The School District has only governmental funds which use the following accounting method.

Governmental Fund Types

- *Governmental Funds* – All of the School District's services are reported in governmental funds which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and Statement of Activities) and governmental funds in a reconciliation which follows the fund financial statements.

Proprietary Fund Types

- *Internal Service Funds*: Internal Service Funds are used to account for the financing of services provided by one department to another department within the governmental entity. The School District's Internal Service Fund pays for various retirement benefits through user charges.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

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

The School District is the trustee, or fiduciary, for the Scholarship Trust Fund. All of the School District's fiduciary activities are reported in separate statements of fiduciary net position. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

The School District as a Whole

Table 1 provides a summary of the School District's net position as of June 30, 2024 and 2023:

Table 1		
Net Position		
	Governmental Activities – 2024	Governmental Activities – 2023
Current and other assets	\$11,379,533	\$11,473,543
Capital assets, net	13,793,382	12,545,966
Total Assets	25,172,915	24,019,509
Deferred outflows of resources	4,757,558	5,968,350
Current liabilities	1,735,223	2,319,929
Long-term liabilities	24,455,237	27,664,402
Total Liabilities	26,190,460	29,984,331
Deferred inflows of resources	3,796,677	2,467,381
Net Position:		
Net investment in capital assets	4,329,591	4,602,668
Restricted	5,461,767	5,917,625
Unrestricted	(9,848,022)	(12,984,146)
Total Net Position	(\$56,664)	(\$2,463,853)

The School District's net position was (\$56,664) at June 30, 2024. Net investment in capital assets of \$4,329,591, compares the original cost, less depreciation of the School District's capital assets to long-term debt, used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use those net position for day-to-day operations. There is an unrestricted net position balance of (\$9,848,022).

The (\$9,848,022) in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

The results of this year's operations for the School District as a whole are reported in the Statement of Activities (see Table 2), which shows the changes in net position for fiscal years 2024 and 2023.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued))

**Table 2
Statement of Activities**

	Governmental Activities – 2024	Governmental Activities – 2023
Revenues:		
Program Revenues:		
Charges for services	\$403,018	\$434,385
Operating grants and contributions	5,098,908	5,206,473
General Revenues:		
Property taxes	2,310,832	2,216,451
State sources not restricted to specific program	5,368,837	5,006,060
Investment earnings	114,259	167,603
Gain (loss) on sale of capital assets	-	-
Miscellaneous	552,119	225,411
Total Revenues	<u>13,847,973</u>	<u>13,256,383</u>
Program Expenses:		
Instruction	5,044,743	5,482,660
Supporting services	3,775,291	3,515,640
Community services	385,590	192,453
Food services	395,189	316,544
School activities	585,018	383,529
Payments to other governmental agencies	-	-
Interest on long-term debt	367,440	380,448
Facilities acquisition	(46,312)	100,306
Depreciation – unallocated	940,998	871,312
Total Expenses	<u>11,447,957</u>	<u>11,242,892</u>
Increase (decrease) in net position	<u>2,400,016</u>	<u>2,013,491</u>
Net position, beginning	(2,463,853)	(4,477,344)
Prior period adjustment	7,173	-
Net position, beginning, as restated	<u>(2,456,680)</u>	<u>(4,477,344)</u>
Net Position, Ending	<u>(\$56,664)</u>	<u>(\$2,463,853)</u>

As reported in the Statement of Activities, the cost of all of our governmental activities this year was \$11,447,957. Certain activities were partially funded from those who benefited from the programs \$403,018 or by other governments and organizations that subsidized certain programs with grants and contributions \$5,098,908. We paid for the remaining “public benefit” portion of our governmental activities with \$2,310,832 in property taxes, \$5,368,837 in State Aid, and with our other revenues, such as interest and general entitlements.

The School District experienced an increase in net position for the year of \$2,400,016.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

Key reasons for the change in net position were as follows:

- Net change in governmental fund balances of \$511,180
- Depreciation charged to expense of (\$940,998)
- Purchase of capital assets in the amount of \$2,188,414
- Net book value of disposed assets of \$-0-
- Proceeds from borrowing totaling (\$1,292,465)
- Principal payment on debt in the amount of \$837,328
- Amortization of bond discounts of (\$780)
- Amortization of bond premiums of \$2,902
- Change in accrued interest of (\$3,859)
- Change in pension expense of \$287,065
- Change in OPEB expense of \$810,545
- Activity from internal service funds of \$684

Table 3 presents the cost of each of the School District's largest activities as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that each function placed on the School District's operation.

Table 3
Governmental Activities

	Total Cost of Services	Net Cost (Benefit) of Services
Instruction	\$5,044,743	\$632,016
Supporting services	3,775,291	2,992,167
School Activities	585,018	585,018

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

The School District's Funds

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

As the School District completed the year, its governmental funds (as presented in the balance sheet as listed on the table of contents) reported a combined fund balance of \$9,582,183, an increase of \$511,180 from the beginning of the year. A majority of the increase has to do with revenues in the General Fund, which includes property taxes, state aid, and federal grants. The General Fund saw an increase in fund balance of \$1,158,881 during the current year which is discussed in further detail below.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

The Scholarship Fund had an increase of \$180,965 in the current year while the 2022 Capital Projects Fund had a change in fund balance of (\$1,586,998) due to continuation of construction projects in the current year. Lastly, the non-major governmental funds saw a change in fund balance of \$758,332. This is mostly related to the School District issuing a \$990,000 bond to create a new Capital Projects Fund.

In accordance with the requirements of the School Meals Program if the School Lunch Fund is determined to have an Excess Fund Balance the School District will be required to spend down the funds for the benefit of the School Meals Program. At June 30, 2024, fund balance in the School Lunch is \$57,002 with an Allowable Fund Balance of \$131,730 (as determine by taking total program costs not including capital outlay, divided by nine (9) months and multiplied by three (3) months). The School District does not have an excess fund balance in the current year.

General Fund Budgetary Highlights

Over the course of the year, the School District's Board revises its budget as it attempts to deal with changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements.

Changes to the General Fund original budget occurred during the annual budget reviews in March and June 2024.

BUDGETED REVENUES AND OTHER FINANCING SOURCES

General Fund revenues changed from original to final budget during the year as follows:

	Revenues		Increase (Decrease)	
	Original Budget	Final Budget	Amount	Percentage
Revenues	\$9,494,386	\$10,712,453	\$1,218,067	12.83%
Other financing sources	-	120,000	120,000	100.00%
Total revenues	<u>\$9,494,386</u>	<u>\$10,832,453</u>	<u>\$1,338,067</u>	

Total budgeted revenues increased between the original adopted budget and the final budget due to a number of factors, most notably the foundation was increased to \$9,608 as well as a number of new grants (22I, 27I, 27k, 23g Grow Your Own, CTE Additional Equipment) and an increase to the MPSERS contributions.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

BUDGETED EXPENDITURES AND OTHER FINANCING USES

General Fund expenditures changed from the original to final budget during the year as follows:

	Expenditures		Increase (Decrease)	
	Original	Final	Amount	Percentage
	Budget	Budget		
Expenditures	\$10,353,967	\$10,992,087	\$638,120	6.16%
Other financing uses	-	-	-	N/A
Total expenditures	<u>\$10,353,967</u>	<u>\$10,992,087</u>	<u>\$638,120</u>	

Total budgeted expenses were increased due to the Grow Your Own grant as well as the CTE Additional Equipment Grant, both were not budgeted at the time of adopting the original budget, but had significant grant funded expenditures.

ACTUAL REVENUES AND OTHER FINANCING SOURCES

The General Fund actual revenues differed from the final budget as follows:

	Revenues		Variance	
	Final		Positive / (Negative)	
	Budget	Actual	Amount	Percentage
Revenues	\$10,712,453	\$11,355,811	\$643,358	6.01%
Other financing sources	120,000	307,955	187,955	156.63%
Total revenues	<u>\$10,832,453</u>	<u>\$11,663,766</u>	<u>\$831,313</u>	

Total budgeted revenues was approximately the same as actual revenues for the year. During the year the district took out a loan for the purchase of a school bus, which accounts for the difference in "other financing sources" noted above.

ACTUAL EXPENDITURES AND OTHER FINANCING USES

General Fund actual expenditures differed from the final budget as follows:

	Expenditures		Variance	
	Final		Positive / (Negative)	
	Budget	Actual	Amount	Percentage
Expenditures	\$10,992,087	\$10,504,885	\$487,202	4.43%
Other financing uses	-	-	-	N/A
Total expenditures	<u>\$10,992,087</u>	<u>\$10,504,885</u>	<u>\$487,202</u>	

The School District budgets conservatively, leaving room for items that may come up.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

Enrollment

The School District's 2023-2024 State aid blended membership enrollment from the fall count totaled 671. This is an increase of 8 students from the previous year. The School District has been declining in enrollment for several years and projects the decline to continue in coming years.

Enrollment changes over the last five years can be illustrated as follows:

<u>Fiscal Year</u>	<u>Student FTE (Fall Count)</u>	<u>Increase (Decrease)</u>
2023-2024	671	8
2022-2023	663	(9)
2021-2022	672	(14)
2020-2021	686	(39)
2019-2020	725	(37)

Student enrollment is important to the financial health of the School District because state funding is based on a per pupil formula.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2024, the School District had \$13,793,382 invested in a variety of capital assets including land, construction in progress, land improvements, buildings and improvements, machinery and equipment, and buses and other vehicles. (See Table 4 below)

Table 4
Capital Assets at Year-End
(Net of depreciation)

	<u>Governmental Activities – 2024</u>	<u>Governmental Activities – 2023</u>
Land	\$64,301	\$64,301
Construction in progress	1,763,315	305,011
Land improvements	829,801	752,216
Buildings and improvements	10,654,665	10,981,325
Equipment	301,250	233,947
Buses and other vehicles	180,050	209,166
Total	<u>\$13,793,382</u>	<u>\$12,545,966</u>

This year's additions were \$2,188,414, which included the purchase of a Ford Transit, conventional oven, laptops, among other things. Also, construction continued on the replacement of the high school roof.

During the year the School District did not dispose of any assets.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

The district plans to purchase a bus every school year to maintain an appropriate fleet, due to market conditions, the bus planned for 2023 and for 2024 did not arrive until Summer of 2024. A number of capital projects that have been ongoing will finalize in the 2024-2025 school year wrapping up both the 2022 Bond projects as well as the 2024 Energy Conservation Bond projects.

Further information on capital assets can be found in the notes to the financial statements.

Debt

At the end of the fiscal year, the School District had \$11,248,559 in bonds and notes outstanding as depicted in Table 5 below.

Table 5
Outstanding Debt at Year End

	Governmental Activities – 2024	Governmental Activities – 2023
Vehicle notes	\$488,559	\$273,422
General obligation bonds	10,760,000	10,520,000
Total	<u>\$11,248,559</u>	<u>\$10,793,422</u>

During the year the School District entered into two installment agreements for the purchase of two school buses for the total amount of \$302,465; the buses are not set to be delivered until July 2024. The School District also issued a bond for \$990,000 for purposes of replacing the copper roof.

During the year the School District made principal payments on debt of \$837,328

Further information on debt can be found in the notes to the financial statements.

Economic Factors and Next Year's Budgets

Our elected officials and administration consider many factors when setting the School District's fiscal year 2024-2025 budget. One of the most important factors affecting the budget is our student count and foundation allowance. Our original budget was based on a decline in student count paired with an increase in per pupil funding in the State foundation allowance. The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil, in the traditional 90/10 blend.

The 2024-2025 fiscal year budget was adopted early in May 2024, based on an estimate of students that will be enrolled in September 2024. Under State law, the School District cannot assess additional property tax revenue for general obligations. As a result, the district funding is heavily dependent on the State's ability to fund local school operations.

Since the State determines the amount of foundation allowance in an untimely manner, the foundation revenue does not become known until the end of October when the pupil count is taken and verified. Once that is validated, the district will amend the budget.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

Contacting the School District's Financial Management

This financial report is designated to provide the School District's citizens, taxpayers, customers, and investors and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Ishpeming Public School District No. 1 Administration, 319 E. Division Street, Ishpeming, Michigan 49849.

Ishpeming Public School District No. 1

STATEMENT OF NET POSITION

June 30, 2024

	Governmental Activities
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 6,527,156
Investments	2,841,315
Receivables:	
Accounts receivable	8,234
Due from other governmental units	1,952,110
Inventory	8,164
Prepays	42,554
Non-current Assets:	
Capital assets:	
Land and construction in progress	1,827,616
Other capital assets, net	11,965,766
TOTAL ASSETS	25,172,915
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to proportionate share of net pension liability	2,300,820
District's contributions made subsequent to pension measurement date	1,560,902
Deferred outflows related to proportionate share of net OPEB liability	629,830
District's contributions made subsequent to OPEB measurement date	266,006
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,757,558
LIABILITIES	
Current Liabilities:	
Accounts payable	97,995
Accrued payroll and other liabilities	602,404
Accrued interest	63,808
Due to other governmental units	184,532
State aid notes payable	775,000
Unearned revenue	11,484
Non-current Liabilities:	
Due or payable within one year	
Notes payable	104,209
Bonds payable	570,000
Employee benefit obligations	5,600
Due or payable after one year	
Notes payable	384,350
Bonds payable	10,231,246
Employee benefit obligations	112,726
Proportionate share of net pension liability	13,278,729
Proportionate share of net OPEB liability/(benefit)	(231,623)
TOTAL LIABILITIES	26,190,460
DEFERRED INFLOWS OF RESOURCES	
Deferred gain on refunding bonds	-
Deferred inflows related to proportionate share of net pension liability	1,772,253
Deferred inflows related to proportionate share of net OPEB liability	2,024,424
TOTAL DEFERRED INFLOWS OF RESOURCES	3,796,677
NET POSITION	
Net investment in capital assets	4,329,591
Restricted	5,461,767
Unrestricted	(9,848,022)
TOTAL NET POSITION	\$ (56,664)

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

Ishpeming Public School District No. 1

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2024

Function / Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 5,044,743	\$ 340,887	\$ 4,071,840	\$ (632,016)
Supporting services	3,775,291	54,768	728,356	(2,992,167)
Community services	385,590	-	-	(385,590)
Food services	395,189	7,363	298,712	(89,114)
School activities	585,018	-	-	(585,018)
Payments to other governmental agencies	-	-	-	-
Interest on retirement of debt	367,440	-	-	(367,440)
Facilities acquisition	(46,312)	-	-	46,312
Depreciation - unallocated	940,998	-	-	(940,998)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 11,447,957	\$ 403,018	\$ 5,098,908	(5,946,031)
General Revenues:				
Taxes				
Property taxes, levied for general purposes				1,072,192
Property taxes, levied for debt services				873,897
Property taxes, levied for building and site fund				364,743
State Aid not restricted to specific purposes				5,368,837
Interest and investment earnings				114,259
Gain (loss) on sale of capital assets				-
Miscellaneous				552,119
TOTAL GENERAL REVENUES				8,346,047
CHANGES IN NET POSITION				2,400,016
Net Position, July 1, as restated				(2,456,680)
NET POSITION, JUNE 30				\$ (56,664)

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

Ishpeming Public School District No. 1

GOVERNMENTAL FUNDS

BALANCE SHEET

June 30, 2024

	General Fund	Special Revenue Scholarship Fund	Capital Projects 2022 Bond Fund	Non-major Governmental Funds	Total
ASSETS					
Cash and cash equivalents	\$ 2,801,616	\$ 189,587	\$ 592,925	\$ 2,783,103	\$ 6,367,231
Investments	115,542	2,610,043	-	115,730	2,841,315
Receivables:					-
Accounts receivable	8,234	-	-	-	8,234
Due from other governmental units	1,947,140	-	-	4,970	1,952,110
Due from other funds	5,490	-	36,574	-	42,064
Inventory	-	-	-	8,164	8,164
Prepays	42,554	-	-	-	42,554
TOTAL ASSETS	4,920,576	2,799,630	629,499	2,911,967	11,261,672
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 4,920,576	\$ 2,799,630	\$ 629,499	\$ 2,911,967	\$ 11,261,672
LIABILITIES					
Accounts payable	\$ 51,581	\$ -	\$ 3,022	\$ 43,392	\$ 97,995
Accrued liabilities	568,414	-	-	-	568,414
Due to other governmental units	184,532	-	-	-	184,532
Due to other funds	-	-	-	42,064	42,064
State aid notes payable	775,000	-	-	-	775,000
Unearned revenue	-	-	-	11,484	11,484
TOTAL LIABILITIES	1,579,527	-	3,022	96,940	1,679,489
DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-
FUND BALANCES					
Non-spendable	42,554	-	-	8,164	50,718
Restricted	266,756	2,799,630	626,477	1,718,186	5,411,049
Committed	302,465	-	-	473,691	776,156
Assigned	633,433	-	-	614,986	1,248,419
Unassigned	2,095,841	-	-	-	2,095,841
TOTAL FUND BALANCES	3,341,049	2,799,630	626,477	2,815,027	9,582,183
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 4,920,576	\$ 2,799,630	\$ 629,499	\$ 2,911,967	\$ 11,261,672

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

Ishpeming Public School District No. 1

GOVERNMENTAL FUNDS

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

June 30, 2024

Total Fund Balances for Governmental Funds	\$ 9,582,183
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*Amounts reported for governmental activities in the statement
of net position are different because:*

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

Cost of capital assets	\$ 38,901,482	
Accumulated depreciation	<u>(25,108,100)</u>	13,793,382

Proportionate share of net pension liability and related deferred outflows and inflows is not due and payable in the current period and is not reported in the funds.

Deferred outflows related to proportionate share of net pension liability	2,300,820	
District's contributions made subsequent to pension measurement date	1,560,902	
Proportionate share of net pension liability	(13,278,729)	
Deferred inflows related to proportionate share of net pension liability	<u>(1,772,253)</u>	(11,189,260)

Proportionate share of net OPEB liability and related deferred outflows and inflows is not due and payable in the current period and is not reported in the funds.

Deferred outflows related to proportionate share of net OPEB liability	629,830	
District's contributions made subsequent to OPEB measurement date	266,006	
Proportionate share of net OPEB liability	231,623	
Deferred inflows related to proportionate share of net OPEB liability	<u>(2,024,424)</u>	(896,965)

Internal service funds are used by the School District to charge individual funds the cost of retirement benefits. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position.

7,609

Long-term liabilities are not due and payable in the current period and are not reported in the funds. Long-term liabilities at year-end consist of:

Unamortized bond discount	1,560	
Accrued interest	(63,808)	
Notes payable - current portion	(104,209)	
Notes payable - long-term portion	(384,350)	
Bonds payable - current portion	(570,000)	
Bonds payable - long-term portion	(10,190,000)	
Unamortized bond premium	(42,806)	
Deferred gain on refunding bonds	<u>-</u>	<u>(11,353,613)</u>

Net Position of Governmental Activities	<u>\$ (56,664)</u>
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The accompanying notes are an integral part of these financial statements.

Ishpeming Public School District No. 1

GOVERNMENTAL FUNDS

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Year Ended June 30, 2024

		Special Revenue	Capital Projects	Non-major Governmental Funds	Total
	General Fund	Scholarship Fund	2022 Bond Fund		
REVENUES:					
Local sources	\$ 2,610,996	\$ 328,555	\$ 13,326	\$ 1,851,569	\$ 4,804,446
State sources	8,343,791	-	-	36,159	8,379,950
Federal sources	401,024	-	-	262,553	663,577
TOTAL REVENUES	11,355,811	328,555	13,326	2,150,281	13,847,973
EXPENDITURES:					
Current:					
Instruction	5,846,990	-	-	-	5,846,990
Supporting services	4,042,087	147,590	-	-	4,189,677
Community services	437,294	-	-	170	437,464
Food services	-	-	-	395,189	395,189
School activities	-	-	-	585,018	585,018
Debt Service:					
Principal	86,963	-	-	750,000	836,963
Interest	6,961	-	-	323,672	330,633
Issuance costs	5,472	-	-	29,963	35,435
Facilities acquisition	79,118	-	1,600,324	292,447	1,971,889
TOTAL EXPENDITURES	10,504,885	147,590	1,600,324	2,376,459	14,629,258
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	850,926	180,965	(1,586,998)	(226,178)	(781,285)
OTHER FINANCING SOURCES (USES):					
Proceeds from borrowing	302,465	-	-	990,000	1,292,465
Premium on bonds	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-
Transfers in	5,490	-	-	-	5,490
Transfers (out)	-	-	-	(5,490)	(5,490)
TOTAL OTHER FINANCING SOURCES (USES)	307,955	-	-	984,510	1,292,465
NET CHANGE IN FUND BALANCES	1,158,881	180,965	(1,586,998)	758,332	511,180
Fund Balance, July 1, as restated	2,182,168	2,618,665	2,213,475	2,056,695	9,071,003
FUND BALANCE, JUNE 30	\$ 3,341,049	\$ 2,799,630	\$ 626,477	\$ 2,815,027	\$ 9,582,183

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

Ishpeming Public School District No. 1

GOVERNMENTAL FUNDS

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

For the Year Ended June 30, 2024

Net Change in Fund Balances - Total Governmental Funds **\$ 511,180**

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Depreciation expense	\$ (940,998)	
Capital outlays	2,188,414	
Net book value of disposed assets	<u>-</u>	1,247,416

Proceeds from debt issues are an other financing source in the funds, but a debt issue increases long-term liabilities in the statement of net position. (1,292,465)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 837,328

Premium and discounts are recognized in the financial statements as other financing sources or uses but they are amortized over the term of the bonds in the government-wide financial statements.

Amortized bond discount	(780)	
Amortized bond premium	<u>2,902</u>	2,122

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (3,859)

Change in proportionate share of net pension liability and net OPEB liability reported in the statement of activities does not require the use of current resources and therefore, is not reported in the fund statements until it is due for payment.

Pension expense	287,065	
OPEB expense	<u>810,545</u>	1,097,610

Internal service funds are used by the School District to charge individual funds the cost of retirement benefits. The net expense of the funds is reported with governmental activities.

684

Change in Net Position of Governmental Activities **\$ 2,400,016**

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

Ishpeming Public School District No. 1

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

June 30, 2024

	Governmental Activities
	Internal Service Fund
	Employee Benefit Obligation Fund
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 159,925
TOTAL ASSETS	159,925
DEFERRED OUTFLOWS OF RESOURCES	-
LIABILITIES	
Current Liabilities:	
Accrued liabilities	33,990
Non-Current Liabilities:	
Portion due or payable within one year	
Employee benefit obligations	5,600
Portion due or payable after one year	
Employee benefit obligations	112,726
TOTAL LIABILITIES	152,316
DEFERRED INFLOWS OF RESOURCES	-
NET POSITION	
Unrestricted	7,609
TOTAL NET POSITION	\$ 7,609

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

Ishpeming Public School District No. 1

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended June 30, 2024

	Governmental Activities
	Internal Service Fund
	Employee Benefit Obligation Fund
OPERATING REVENUES:	
Other	\$ -
TOTAL OPERATING REVENUES	-
OPERATING EXPENSES:	
Retirement benefits	-
TOTAL OPERATING EXPENSES	-
OPERATING INCOME (LOSS)	-
NON-OPERATING REVENUES (EXPENSES):	
Interest income	684
INCOME (LOSS) BEFORE TRANSFERS	684
Transfers in	-
Transfers (out)	-
CHANGE IN NET POSITION	684
Net Position, July 1	6,925
NET POSITION, JUNE 30	<u><u>\$ 7,609</u></u>

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

Ishpeming Public School District No. 1

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2024

	Governmental Activities
	Internal Service Fund
	Employee Benefit Obligation Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from other operating revenues	\$ -
Cash payments to employees for services	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	-
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Transfers in (out)	-
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	-
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest on investments	684
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	684
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	684
Cash and cash equivalents, July 1	159,241
CASH AND CASH EQUIVALENTS, JUNE 30	\$ 159,925
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ -
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in assets and liabilities:	
Increase (decrease) in accrued liabilities	24,482
Increase (decrease) in employee benefit obligations	(24,482)
TOTAL ADJUSTMENTS	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ -

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

Ishpeming Public School District No. 1

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2024

	Private-Purpose Trust Fund Scholarship Trust Fund
ASSETS	
Cash and equivalents	\$ 7,114
Investments	124,981
TOTAL ASSETS	132,095
DEFERRED OUTFLOWS OF RESOURCES	-
LIABILITIES	
Due to groups, organizations and activities	-
TOTAL LIABILITIES	-
DEFERRED INFLOWS OF RESOURCES	-
NET POSITION	
Held in trust for individuals, organizations, and other governments	132,095
TOTAL NET POSITION	\$ 132,095

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

Ishpeming Public School District No. 1

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Year Ended June 30, 2024

	Private-Purpose Trust Fund Scholarship Trust Fund
ADDITIONS:	
Contributions:	
Gifts, bequests and endowments	<u>\$ 621</u>
Total Contributions	<u> 621</u>
Investment Income:	
Interest and dividends, net of investment expenses	<u> 15,329</u>
Net Investment Income (Loss)	<u> 15,329</u>
TOTAL ADDITIONS (DEDUCTIONS)	<u> 15,950</u>
DEDUCTIONS:	
Payments in accordance with trust agreements	<u> 6,453</u>
TOTAL DEDUCTIONS	<u> 6,453</u>
CHANGE IN NET POSITION	<u> 9,497</u>
Net position, beginning of year	<u> 122,598</u>
NET POSITION, END OF YEAR	<u><u> \$ 132,095</u></u>

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

ISHPEMING PUBLIC SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Ishpeming Public School District No. 1 (the School District) was organized in 1869. The School District operates under a Board-Superintendent form of government. The accounting policies of the School District conform to accounting principles generally accepted in the United States of America as applicable to school districts. The following is a summary of the more significant policies:

FINANCIAL REPORTING ENTITY

In evaluating how to define the School District, for financial reporting purposes, management has considered all potential component units by applying the criteria set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*. The basic but not the only criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the School District and/or its constituents, or whether the activity is conducted within the geographic boundaries of the School District and is generally available to its constituents. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financial relationships, regardless of whether the School District is able to exercise oversight responsibilities.

Based upon the application of the criteria described above, it has been determined that the Community Education Division of the Ishpeming, Negaunee, and NICE Community School Districts is considered a blended component unit of the School District and therefore is reported as part of the General Fund in the School District's financial statements.

BASIS OF PRESENTATION

District-Wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the School District as a whole. They include all funds of the School District except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through State sources, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. All of the School District's district-wide activities are considered to be governmental activities.

Fund Financial Statements:

The accounts of the School District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources,

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

liabilities, deferred inflows of resources, fund equity, revenues, and expenditures. The available resources are allocated to and accounted for in the individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report into two major fund categories: governmental and proprietary categories. An emphasis is placed on major funds within the governmental and proprietary categories. The General Fund is always considered a major fund and the remaining funds of the School District are considered major if it meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least ten percent of the corresponding total for all funds of that category or type; and
- b. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues or expenditures/expenses of the individual governmental or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.

The School District reports the General Fund, Scholarship Fund, and 2022 Bond Capital Projects Fund as its major governmental funds in accordance with the above criteria. The funds of the School District are described below:

Governmental Fund Types

General Fund – The General Fund is the general operating fund and accordingly, it is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special Revenue Funds are used to account for the activities of specific school service revenue sources such as the Scholarship Fund, Food Service Fund, School Activities Fund, Auditorium Fund, and Special Needs Fund.

Debt Retirement Funds – Debt Retirement Funds are used to record tax, state aid and interest revenue for the payment of general long-term debt principal, interest, and related costs.

Capital Projects Funds – Capital Projects Funds are used to record bond proceeds or other revenue to be used for the acquisition or construction of major capital facilities or other capital assets, including equipment.

Proprietary Funds

The focus of proprietary funds' measurement is upon the determination of operating income, changes in net position, financial position, and cash flows. The following is a description of the Proprietary Funds of the School District:

Internal Service Funds – Internal Service Funds are used to account for the financing of services provided by an activity to other departments, funds, or component units, if any, on a cost-reimbursement basis. The School District created an internal service fund to account for employee benefit obligations such as retirement and other termination benefits.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

The School District's Internal Service Fund is presented in the Proprietary Funds' financial statements. Because the principal users of the services are the School District's governmental activities, the financial statements are consolidated into the governmental activities column when presented in the government-wide financial statements.

Fiduciary Fund Types

Private-Purpose Trust Fund – The Scholarship Trust Fund is a private-purpose trust fund used to account for assets held by the School District in a trustee capacity for the purpose of providing scholarships in accordance with the trust agreement. Under GASB 84, these trust funds qualify as a fiduciary activity because the graduates from the School District are the beneficiaries of these funds rather than the School District being the beneficiary.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the district-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resource measurement focus as defined in item (a) below. In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets, deferred outflows of resources, liabilities, and deferred inflows of resources are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable resources at the end of the period.

Basis of Accounting

In the district-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Also, the proprietary fund financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, sets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. Expenditures, including capital outlay, are recorded when the related liability is incurred, except for principal and interest on general long-term debt and accrued compensated absences, which are reported when due.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Cash and Cash Equivalents

The School District considers cash and cash equivalents to be cash on hand, demand deposits and certificates of deposit. The fair value measurement of investments is based on the hierarchy established by generally accepted accounting principles, which has three levels based on the valuation inputs used to measure an asset's fair value.

Investments

Investments are carried at market value.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Due From and To Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Inventory

The School District utilizes the consumption method of recording inventories of materials and food supplies. Under the consumption method, inventories are recorded as expenditures when they are used. The inventory is valued at the lower of cost (first-in, first-out) or market.

Capital Assets

Capital assets, which include land, construction in progress, land improvements, buildings, machinery and equipment, and vehicles, are reported in the applicable governmental activities' column in the district-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$5,000 and any assets susceptible to theft. Such assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure-type assets.

Depreciation of all exhaustible capital assets is recorded as an unallocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Land improvements	10 – 20 years
Buildings and improvements	20 – 50 years
Equipment	5 – 10 years
Buses and other vehicles	5 – 10 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the district-wide financial statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Deferred Outflows of Resources

In addition to assets, the statement of financial 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 government reports the following in this category:

On the district-wide financial statements, changes in assumptions, differences between expected and actual experience and changes in proportion and differences between employer contributions and proportionate share of contributions for the pension and/or OPEB plan create a deferred outflow of resources.

On the district-wide financial statements, the School District's contributions made into the pension and/or OPEB plan subsequent to the plan's fiscal year end creates a deferred outflow of resources.

Long-Term Liabilities

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

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures. Premiums received on debt issuance are reported as other financing sources and bond discounts are reported as other financing uses.

Compensated Absences

The School District's policies regarding compensated absences permits employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term debt in the district-wide statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources.

Pension

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

Postemployment Benefits Other Than Pensions

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

they are reported by MPSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and governmental funds balance sheet 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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government reports the following in this category:

On the district-wide financial statements, a deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. For district-wide financial statement purposes the amount of the gain on refunding bonds is deferred and amortized over the shorter of the life of the refunded or refunding debt using straight line amortization.

On the district-wide financial statements, the net difference between projected and actual pension and/or OPEB plan investment earnings, differences between expected and actual experience, changes in assumptions and changes in proportion and differences between employer contributions and proportionate share of contributions create a deferred inflow of resources.

Equity Classification

District-Wide Statements

Equity is classified as net position and displayed in three components:

1. Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
2. Restricted Net Position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions of enabling legislation. These amounts are derived from the fund financial statements by combining non-spendable and restricted fund balance classifications.
3. Unrestricted Net Position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Governmental Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted, committed, assigned, and unassigned, if appropriate.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Revenues

District-Wide Statements

In the district-wide Statement of Activities, revenues are segregated by activity, and are classified as either program revenue or general revenue. Program revenues include charges to customers or applicants for goods or services, operating grants and contributions and capital grants and contributions. General revenues include all revenues, which do not meet the criteria of program revenues and include revenues such as State funding and interest earnings.

Fund Statements

In the governmental fund statements, revenues are reported by source, such as federal sources, state sources and charges for services. Revenues consist of general-purpose revenues and restricted revenues. General purpose revenues are available to fund any activity reported in that fund, while restricted revenues are available for a specific purpose or activity and the restrictions are typically required by law or a grantor agency. When both general purpose and restricted revenues are available for use, it is the School District's policy to use the restricted resources first.

Property Taxes

Property taxes are levied on July 1 on behalf of the School District by various taxing units and are payable without penalty by September 14. The School District recognizes property tax revenue when levied to the extent they result in current receivables (collected within sixty days of the end of the fiscal year.) Property taxes that are not collected within sixty days of the end of the fiscal year are recognized as revenue when collected.

Expenses/Expenditures

District-Wide Statements

In the district-wide Statement of Activities, expenses are segregated by activity (governmental or business-type) and are classified by function.

Fund Statements

In the governmental fund financial statements, expenditures are classified by character such as current operations, debt service and capital outlay.

Interfund Activity

As a general rule, the effect of interfund activity has been eliminated from the district-wide statements. Exceptions to this rule are (1) activities between funds reported as governmental activities and funds reported as business-type activities; and (2) activities between funds that are reported in different functional categories in either the governmental or business-type activities column. Elimination of these activities would distort the direct cost and program revenues for the functions concerned.

In the fund financial statements, transfers represent flows of assets between funds without equivalent flows of assets in return or a requirement for repayment.

Interfund receivables and payables have been eliminated from the Statement of Net Position.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Budgets and Budgetary Accounting

The School District follows these procedures in establishing the budgetary data reflected in the financial statements.

- a. The Superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to July 1, the budget is approved by the Board of Education.
- d. Budgets for all governmental fund types are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budgeted amounts are as approved and amended by the Board of Education.
- e. All annual appropriations lapse at fiscal year-end.

Use of Estimates

The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through October 30, 2024, the date of the accompanying independent auditor's report, which is the date the financial statements were available to be issued.

NOTE B – DEPOSITS AND INVESTMENTS:

Cash Equivalents

As of June 30, 2024, the School District's cash and cash equivalents and investments were reported in the basic financial statements in the following categories:

	Primary Government	Fiduciary Funds	Total
Cash and equivalents	\$6,527,156	\$7,114	\$6,534,270
Investments	2,841,315	124,981	2,966,296
Total	<u>\$9,368,471</u>	<u>\$132,095</u>	<u>9,500,566</u>

NOTE B – DEPOSITS AND INVESTMENTS (Continued):

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. State law does not require, and the School District does not have, a deposit policy for custodial credit risk. The carrying amounts of the School District's deposits with financial institutions were \$6,534,270 and the bank balance was \$6,738,621. The bank balance is categorized as follows.

Amounts insured by FDIC	\$452,611
Amount uncollateralized and uninsured	6,286,010
Total	<u>\$6,738,621</u>

Investments

Investments, including derivative instruments that are not hedging derivatives, are measured at fair value on a recurring basis. *Recurring* fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of June 30, 2024, the School District had the following investments:

	Level	Fair Value	Investment Maturities (in years)			
			Less than 1	1-5	6-10	More than 10
Primary Government:						
MILAF Funds	2	\$640,939	\$640,939	\$-	\$-	\$-
Mutual Funds	1	2,050,620	2,050,620	-	-	-
Equities	1	102,705	102,705	-	-	-
Fixed Income	1	22,276	22,276	-	-	-
Other	1	149,756	124,682	25,074	-	-
TOTAL		<u>\$2,966,296</u>	<u>\$2,941,222</u>	<u>\$25,074</u>	<u>\$-</u>	<u>\$-</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the School District's investments. The School District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Michigan statutes authorize the School District to invest in bonds, other direct obligations and repurchase agreements of the United States, certificates of deposits, savings accounts, deposit accounts or receipts of a bank which is a member of the FDIC and authorized to operate in this state, commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures within 270 days from date of purchase, bankers' acceptances of the United States banks, obligations of the State of Michigan and its political subdivisions, external investment pools, and certain mutual funds. Michigan law prohibits security in the form of collateral, surety bond, or another form for the deposit of public money.

NOTE B – DEPOSITS AND INVESTMENTS (Continued):

The School District's investment policy does not further limit its investment choices. Ratings are not required for the School District's investment in Michigan Liquid Asset Fund-Mutual Funds. The School District's investments are in accordance with statutory authority.

Concentration of Credit Risk

The School District places no limit on the amount the School District may invest in any one issuer.

NOTE C – DUE FROM OTHER GOVERNMENTAL UNITS:

Amounts due from other governmental units totaled \$1,952,110. Of that balance, \$1,445,099 is due from the State of Michigan for State Aid, \$157,107 from governmental units for federal grants, and \$349,904 is due from other governmental units for other programs/services.

NOTE D – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS:

The School District reports interfund balances between many of its funds. Some of the balances are considered immaterial and are aggregated into a single column or row. The total of all balances agrees with the sum of interfund balances presented in the statements of net position/balance sheet for governmental funds. Interfund transactions resulting in interfund receivables and payables are as follows:

<u>Fund</u>	<u>Due From</u>	<u>Fund</u>	<u>Due To</u>
General Fund	\$5,490	Food Service Fund	\$5,490
2022 Bond Fund	36,574	Capital Projects Fund	36,574
Total	<u>\$42,064</u>	Total	<u>\$42,064</u>

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

<u>Fund</u>	<u>Transfers In</u>	<u>Fund</u>	<u>Transfers Out</u>
General Fund	<u>\$5,490</u>	Food Service Fund	<u>\$5,490</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) moves receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE E – CAPITAL ASSETS:

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

	Balance 6/30/2023	Additions	Deductions	Balance 6/30/2024
Capital assets not being depreciated:				
Land	\$64,301	\$-	\$-	\$64,301
Construction in progress	305,011	1,458,304	-	1,763,315
Subtotal	369,312	1,458,304	-	1,827,616
Capital assets being depreciated:				
Land improvement	1,787,919	161,020	-	1,948,939
Buildings and improvements	31,237,002	398,877	-	31,635,879
Equipment	2,170,190	106,297	-	2,276,487
Buses and other vehicles	1,148,645	63,916	-	1,212,561
Subtotal	36,343,756	730,110	-	37,073,866
Total Capital Assets	36,713,068	2,188,414	-	38,901,482
Less accumulated depreciation:				
Land improvement	(1,035,703)	(83,435)	-	(1,119,138)
Buildings and improvements	(20,255,677)	(725,537)	-	(20,981,214)
Equipment	(1,936,243)	(38,994)	-	(1,975,237)
Buses and other vehicles	(939,479)	(93,032)	-	(1,032,511)
Total Accumulated Depreciation	(24,167,102)	(940,998)	-	(25,108,100)
CAPITAL ASSETS, NET	\$12,545,966	\$1,247,416	\$-	\$13,793,382

Depreciation expense charged to governmental activities was \$940,998.

NOTE F – CONSTRUCTION IN PROGRESS:

During the current fiscal year, the School District continued work related to the 2022 Bond Capital Projects Fund renovation projects. Projects in the 2022 Bond Capital Projects fund include, but are not limited to, improvements to the Childcare Education Center and Boiler Replacement. The School District also began working on replacing the roof of the high school building. As of June 30, 2024, these projects added another \$1,458,304 to Construction in progress, and with none of the projects yet being completed, total Construction in progress for the School District is \$1,763,315.

NOTE G – ACCRUED LIABILITIES:

A summary of accrued liabilities at June 30, 2024 is as follows:

Accrued wages	\$382,889
Accrued fringes	185,525
Other accrued expenses	33,990
Total	<u>\$602,404</u>

NOTE H – SHORT-TERM DEBT:

The School District utilizes short-term borrowing secured with pledged state aid for cash flow purposes due to the timing of state aid payments. A summary of changes in short-term debt for the year ended June 30, 2024, is as follows:

NOTE H – SHORT-TERM DEBT (Continued):

	Balance June 30, 2023	Additions	Deductions	Balance June 30, 2024
State Anticipation Note:				
2023-2024	\$800,000	\$-	(\$800,000)	\$-
2024-2025	-	775,000	-	775,000
Total	<u>\$800,000</u>	<u>\$775,000</u>	<u>(\$800,000)</u>	<u>\$775,000</u>

The School District signed a State Aid Anticipation Note, secured by its State Aid payments from the Michigan Finance Authority. The State Anticipation Note has a face value of \$800,000 at an interest rate of 1.99% with no set aside payments maturing August 20, 2023. The total amount of the principal and interest was payable in August 2023 but was subsequently renewed from August 2023 with a maturity of August 2024. This note was used for operations during the summer months. The outstanding principal and interest balance is carried as a current liability in the financial statements.

NOTE I – LONG-TERM DEBT:

A summary of long-term obligations at June 30, 2024, and transactions related thereto for the year then ended as follows:

	Balance 6/30/2023	Additions	Deductions	Balance 6/30/2024	Due Within One Year
GOVERNMENTAL ACTIVITIES:					
Notes Payable:					
Bus Installment, 8/15/2023	\$17,114	\$-	(\$17,114)	\$-	\$-
Bus Installment, 7/23/2024	33,957	-	(16,708)	17,249	17,249
Bus Installment, 7/23/2025	52,005	-	(17,011)	34,994	17,333
Bus Installment, 7/15/2026	76,182	-	(18,536)	57,646	18,872
Bus Installment, 7/15/2027	94,164	-	(17,959)	76,205	18,215
Bus Installment, 7/15/2028	-	159,278	-	159,278	32,540
Bus Installment, 7/15/2029	-	143,187	-	143,187	-
Total Notes Payable	<u>273,422</u>	<u>302,465</u>	<u>(87,328)</u>	<u>488,559</u>	<u>104,209</u>
Bonds Payable:					
2006 Building & Site	235,000	-	(75,000)	160,000	80,000
2014 Building & Site	6,260,000	-	(410,000)	5,850,000	425,000
2015 Energy Conservation	205,000	-	(205,000)	-	-
2022 Building & Site Bond	3,820,000	-	(60,000)	3,760,000	65,000
2024 Energy Conservation	-	990,000	-	990,000	-
Subtotal	<u>10,520,000</u>	<u>990,000</u>	<u>(750,000)</u>	<u>10,760,000</u>	<u>570,000</u>
Deferred amounts on bonds:					
2006 Serial Bond Discount	(2,340)	780	-	(1,560)	-
2023 Bond Premium	45,708	-	(2,902)	42,806	-
Subtotal	<u>43,368</u>	<u>780</u>	<u>(2,902)</u>	<u>41,246</u>	<u>-</u>
Total Bonds Payable	<u>10,563,368</u>	<u>990,780</u>	<u>(752,902)</u>	<u>10,801,246</u>	<u>570,000</u>
Total Notes and Bonds Payable	<u>10,836,790</u>	<u>1,293,245</u>	<u>(840,230)</u>	<u>11,289,805</u>	<u>674,209</u>

NOTE I – LONG-TERM DEBT (Continued):

	Balance 6/30/2023	Additions	Deductions	Balance 6/30/2024	Due Within One Year
GOVERNMENTAL ACTIVITIES:					
Employee Benefit Obligations:					
Compensated absences	\$110,573	\$616	(\$14,498)	\$96,691	\$-
Early Retirement Incentive	30,800	-	(10,600)	20,200	5,600
Catastrophic Leave Bank	1,435	-	-	1,435	-
Total Employee Benefit Obligations	142,808	616	(25,098)	118,326	5,600
TOTAL	\$10,979,598	\$1,293,861	(\$865,328)	\$11,408,131	\$679,809

Long-term debt at June 30, 2024 consists of the following:

Bus Installment maturing July 23, 2024

June 30, 2024

	July 23		
Fiscal Year	Principal	Interest	Total
2025	\$17,249	\$559	\$17,808
Total	\$17,249	\$559	\$17,808

Bus note payable originally issued for \$81,000 and dated July 23, 2019 matures annually as scheduled above on the 23rd of July 2021 through July 23, 2024 bearing an interest rate of 3.24% per annum.

Bus Installment maturing July 23, 2025

June 30, 2024

	July 23		
Fiscal Year	Principal	Interest	Total
2025	\$17,333	\$661	\$17,994
2026	17,661	334	17,995
Total	\$34,994	\$995	\$35,989

Bus note payable originally issued for \$85,087 and dated July 23, 2021 matures annually as scheduled above on the 23rd of July 2021 through July 23, 2025 bearing an interest rate of 1.89% per annum.

Bus Installment maturing July 15, 2026

June 30, 2024

	July 15		
Fiscal Year	Principal	Interest	Total
2025	\$18,872	\$1,043	\$19,915
2026	19,213	702	19,915
2027	19,561	354	19,915
Total	\$57,646	\$2,099	\$59,745

NOTE I – LONG-TERM DEBT (Continued):

Bus note payable originally issued for \$94,389 and dated July 15, 2022 matures annually as scheduled above on the 15th of July 2023 through July 15, 2026 bearing an interest rate of 1.81% per annum.

Bus Installment maturing July 15, 2027**June 30, 2024**

Fiscal Year	July 15		Total
	Principal	Interest	
2025	\$18,215	\$2,286	\$20,501
2026	18,761	1,740	20,501
2027	19,324	1,177	20,501
2028	19,905	596	20,501
Total	<u>\$76,205</u>	<u>\$5,800</u>	<u>\$82,004</u>

Bus note payable originally issued for \$94,164 and dated July 15, 2023 matures annually as scheduled above on the 15th of July 2023 through July 15, 2027 bearing an interest rate of 1.81% per annum.

Bus Installment maturing July 15, 2028**June 30, 2024**

Fiscal Year	July 15		Total
	Principal	Interest	
2025	\$32,540	\$3,659	\$36,199
2026	29,165	7,034	36,199
2027	30,784	5,415	36,199
2028	32,493	3,707	36,200
2029	34,296	1,903	36,199
Total	<u>\$159,278</u>	<u>\$21,718</u>	<u>\$180,996</u>

Bus note payable originally issued for \$159,278 and dated July 15, 2024 matures annually as scheduled above on the 15th of July 2024 through July 15, 2028 bearing an interest rate of 5.55% per annum.

Bus Installment maturing July 15, 2029**June 30, 2024**

Fiscal Year	July 15		Total
	Principal	Interest	
2025	\$-	\$-	\$-
2026	25,316	8,313	33,629
2027	27,145	6,483	33,628
2028	28,638	4,990	33,628
2029	30,213	3,415	33,628
2030	31,875	1,753	33,628
Total	<u>\$143,187</u>	<u>\$24,954</u>	<u>\$168,141</u>

NOTE I – LONG-TERM DEBT (Continued):

Bus note payable originally issued for \$143,187 and dated July 15, 2025 matures annually as scheduled above on the 15th of July 2025 through July 15, 2029 bearing an interest rate of 5.50% per annum.

School Building and Site Bonds, Series 2006
June 30, 2024

Fiscal Year	November 1	May 1		Total
	Interest	Interest	Principal	
2025	\$3,440	\$3,440	\$80,000	\$86,880
2026	1,720	1,720	80,000	83,440
Total	<u>\$5,160</u>	<u>\$5,160</u>	<u>\$160,000</u>	<u>\$170,320</u>

General Obligation School Building and Site Serial Bonds originally issued for \$1,040,000 and dated June 28, 2006 mature annually on May 1, 2008 through May 1, 2026 and bear interest at a rate of 4.0% to 4.3% per annum. Interest is paid semi-annually on May 1 and November 1 each year.

School Building and Site Bonds, Series 2014
June 30, 2024

Fiscal Year	November 1	May 1		Total
	Interest	Interest	Principal	
2025	\$99,450	\$99,450	\$425,000	\$623,900
2026	92,225	92,225	445,000	629,450
2027	84,660	84,660	545,000	714,320
2028	75,395	75,395	565,000	715,790
2029	65,790	65,790	590,000	721,580
2030-2034	171,105	171,105	3,280,000	3,622,210
Total	<u>\$588,625</u>	<u>\$588,625</u>	<u>\$5,850,000</u>	<u>\$7,027,250</u>

General Obligation School Building and Site Serial Bonds originally issued for \$7,840,000 and dated June 26, 2014 mature annually on May 1, 2015 through May 1, 2034 and bear interest at a rate of 3.4% per annum. Interest is paid semi-annually on May 1 and November 1 each year.

School Building and Site Bonds, Series 2022
June 30, 2024

Fiscal Year	November 1	May 1		Total
	Interest	Interest	Principal	
2025	\$47,000	\$47,000	\$65,000	\$159,000
2026	46,187	46,187	70,000	162,374
2027	45,313	45,313	70,000	160,626
2028	44,437	44,437	75,000	163,874
2029	43,500	43,500	85,000	172,000
2030-2034	199,500	199,500	520,000	919,000
2035-2039	109,000	109,000	2,875,000	3,093,000
Total	<u>\$534,937</u>	<u>\$534,937</u>	<u>\$3,760,000</u>	<u>\$4,829,874</u>

NOTE I – LONG-TERM DEBT (Continued):

General Obligation School Building and Site Serial Bonds originally issued for \$3,850,000 and dated March 1, 2022 mature annually on May 1, 2023 through May 1, 2039 and bear interest at a rate of 2.500% per annum sold at a premium in the amount of \$49,336. Interest is paid semi-annually on May 1 and November 1 each year.

Energy Conservation Improvement Bond, Series 2024
June 30, 2024

Fiscal Year	November 1	May 1		Total
	Interest	Interest	Principal	
2025	\$18,596	\$23,909	\$-	\$42,505
2026	23,909	23,909	150,000	197,818
2027	20,286	20,286	265,000	305,572
2028	13,886	13,886	280,000	307,772
2029	7,124	7,124	295,000	309,248
Total	<u>\$83,801</u>	<u>\$89,114</u>	<u>\$990,000</u>	<u>\$1,162,915</u>

General Obligation Energy Conservation Improvement Bonds originally issued for \$990,000 and dated May 1 2024, mature annually on May 1, 2024 through May 1, 2029 and bear interest at a rate of 2.500% per annum sold at a premium in the amount of \$49,336. Interest is paid semi-annually on May 1 and November 1 each year.

As of June 30, 2024, the aggregate maturities of long-term debt for the next succeeding five years are as follows:

Fiscal Year	Principal	Interest	Total
2025	\$674,209	\$350,492	\$1,024,701
2026	855,117	346,205	1,201,322
2027	976,814	313,947	1,290,761
2028	1,001,035	276,730	1,277,765
2029	1,034,509	238,146	1,272,655
2030-2034	3,831,875	742,963	4,574,838
2035-2039	2,875,000	218,000	3,093,000
Total	<u>\$11,248,559</u>	<u>\$2,486,483</u>	<u>\$13,735,042</u>

NOTE J – EMPLOYEE BENEFIT OBLIGATIONS:**COMPENSATED ABSENCES**

Upon severing employment with the School District, a teacher has the option of selecting one of the following as severance pay:

1. Unused sick leave to be paid at \$35.00 per day up to a maximum of \$5,425 per employee.
2. An employee who has been employed for ten years or more shall be paid one week of current salary plus one day of current salary for each year of employment of the School District in excess of ten years to a maximum of \$1,500.

NOTE J – EMPLOYEE BENEFIT OBLIGATIONS (Continued):

Upon retirement (qualifying the employee for immediate payment of benefits pursuant to the School Employees Retirement Plan) while an active employee of the School District, the support personnel employee will be paid a sum equal to their accumulated sick leave days times \$30.00 per day, not to exceed a maximum of \$4,000.

A practicing administrator, after a minimum of ten (10) years of administrative service in the School District, will be entitled to a retirement benefit, computed by taking 1.0% of the administrator's final salary, multiplied by the years of administrative service in the School District, not to exceed a maximum of \$5,425.

EARLY RETIREMENT INCENTIVE

Full-time teachers who meet requirements as established by the Michigan Public Schools Retirement System and who have taught a minimum of fifteen (15) years in the School District may also qualify for the Early Retirement Incentive (ERI) Plan. The ERI payment will be \$200 per month for a maximum period of seven years (or until earlier qualification for reduced old age insurance and benefits under Title II of the Social Security Act, or death).

CATASTROPHIC LEAVE BANK

Teachers retiring with uncompensated sick leave may donate the balance of sick days to a sick leave bank available for Ishpeming Education Association members only. Members facing catastrophic illness or emergencies may request days from the bank by proper written application to the Superintendent.

As of June 30, 2024, the composition of the liability for employee benefits is as follows:

	Current	Long-term	Total
Compensated absences:			
Teachers	\$-	\$84,432	\$84,432
Support personnel	-	6,834	6,834
Administration	-	5,425	5,425
Subtotal	-	96,691	96,691
Early retirement incentive	5,600	14,600	20,200
Catastrophic Leave Bank	-	1,435	1,435
Total	\$5,600	\$112,726	\$118,326

NOTE K – CAPITAL PROJECT FUNDS:

Sinking Fund millages authorized on or after March 16, 2017, have the additional benefit of being utilized to offset various technology and school security improvements. The Sinking Fund Capital Project Fund records capital project activities funded with the Sinking Fund millage that was authorized after March 16, 2017. For this fund, the School District has complied with the applicable provisions of §1212 of the Revised School Code.

Capital project activities funded with bonds issued after May 1, 1994 are subject to the provision of §1351a of the Revised School Code. For both the 2022 Bond Capital Projects Fund and the 2024 Bond Capital Projects Fund, the School District has complied with the applicable provisions of §1351a of the Revised School Code.

NOTE K – CAPITAL PROJECT FUNDS (Continued):

In fiscal year 2022, the School District created a Capital Projects Fund to set aside funding for future construction projects. This fund was created through transfers from the General Fund and is not subject to the provisions of §1351a of the Revised School Code.

NOTE L – FUND BALANCES – GOVERNMENTAL FUNDS:

Fund balances of the governmental funds are classified as follows:

Non-spendable — amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted — amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed — amounts that can be used only for specific purposes determined by a formal action of the Board of Education. Board of Education is the highest level of decision-making authority for the School District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board of Education.

Assigned — amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the School District's adopted policy, only the Board of Education may assign amounts for specific purposes.

Unassigned — all other spendable amounts.

As of June 30, 2024, fund balances are composed of the following:

	General Fund	Scholarship Fund	2022 Bond Fund	Non-major Governmental Funds	Total Governmental Funds
Non-spendable:					
Inventory	\$-	\$-	\$-	\$8,164	\$8,164
Prepaid	42,554	-	-	-	42,554
Subtotal	42,554	-	-	8,164	50,718
Restricted:					
INN	266,756	-	-	-	266,756
Scholarships	-	2,799,630	-	-	2,799,630
Food Service	-	-	-	48,838	48,838
Auditorium	-	-	-	7,453	7,453
Special Needs Fund	-	-	-	46,758	46,758
Debt Service	-	-	-	226,201	226,201
Construction Projects	-	-	626,477	1,388,936	2,015,413
Subtotal	266,756	2,799,630	626,477	1,718,186	5,411,049
Committed:					
Loan proceeds - buses	302,465	-	-	-	302,465
School activities	-	-	-	473,691	473,691
Subtotal	302,465	-	-	473,691	776,156

NOTE L – FUND BALANCES – GOVERNMENTAL FUNDS (Continued):

	General Fund	Scholarship Fund	2022 Bond Fund	Non-major Governmental Funds	Total Governmental Funds
Assigned:					
Capital Projects	\$-	\$-	\$-	\$614,986	\$614,986
Budgeted Shortfall	633,433	-	-	-	633,433
Subtotal	633,433	-	-	614,986	1,248,419
Unassigned	2,095,841	-	-	-	2,095,841
Total	<u>\$3,341,049</u>	<u>\$2,799,630</u>	<u>\$626,477</u>	<u>\$2,815,027</u>	<u>\$9,582,183</u>

The Board of Education establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the Superintendent through amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the School District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the School District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions.

NOTE M – ECONOMIC DEPENDENCY:

The School District receives approximately 65 percent of its revenues through State and Federal sources to be used for providing elementary and secondary education to students of the School District.

NOTE N – STATE REVENUE:

For the fiscal year ended June 30, 1995, the State of Michigan adopted a foundation grant approach which provides for a specific annual amount of revenue per student based on a state-wide formula. In previous years, the state utilized a district power equalizing approach. The foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2024, the foundation allowance was based on the average of pupil membership counts taken in February and October.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes which may be levied at a rate of up to 18 mills. The state revenue is recognized during the foundation period (currently the fiscal year) and is funded through 11 payments from October – August.

NOTE N – STATE REVENUE (Continued):

The School District also receives revenue from the State to administer certain categorical education programs. State rules require that revenue earmarked for these programs be expended for its specific purpose. Categorical funds received which are not expended by the close of the fiscal year are recorded as deferred revenue.

NOTE O – NON-MONETARY TRANSACTIONS:

The School District receives USDA donated food commodities for use in its food service program which are accounted for in the School Lunch Fund. The commodities are accounted for on the modified accrual basis and the related revenues and expenditures are recognized as commodities as utilized. The School District recognized \$28,496 during fiscal 2024 in revenues and expenditures for USDA commodities.

NOTE P – PROPERTY TAXES:

The taxable value of real and personable property located in the School District for the 2023 tax year which represents approximately 50% of the estimated current value, totaled \$147,199,249 (\$84,368,418 designated as Homestead, \$58,461,303 designated as Non-Homestead, \$3,784,367 designated as Commercial personal property, and \$585,161 as Industrial personal property). The total tax levy consists of 18.0000 mills on all non-homestead property (one mill is equal to \$1.00 per \$1,000 of taxable value), 6.0000 mills on all commercial personal property for the General Fund, 2.3898 mills for the Sinking Fund, and 6.0000 mills the Debt Service Fund.

NOTE Q – CONTINGENT LIABILITIES:

Grant Assistance

The School District has received significant assistance from federal and state agencies in the form of various grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreement and is subject to audit by the grantor agency. Any disallowed claims resulting from such audits could become a liability of the applicable fund of the School District.

Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The School District carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE R – EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PLAN:

Plan Description

The Michigan Public School Employees' Retirement System (System or MPERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan 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.

NOTE R – EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PLAN (Continued):

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) (see Note T for information on the System's OPEB plan).

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 Michigan.gov/ORSSchools.

Benefits Provided

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

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

Contributions

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

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

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

NOTE R – EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PLAN (Continued):

Pension Contribution Rates		
Benefit Structure	Member	Employer
Basic	0.0-4.0%	20.16%
Member Investment Plan	3.0-7.0%	20.16%
Pension Plus	3.0-6.4%	17.24%
Pension Plus 2	6.2%	19.95%
Defined Contribution	0.0%	13.75%

Required contributions to the pension plan from the School District were \$1,478,648 for the year ended September 30, 2023.

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

At June 30, 2024, the School District reported a liability of \$13,278,729 for its proportionate share of the MPSERS 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 School District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2023, the School District's proportion was 0.04102670 percent, which was a decrease of 0.00108574 percent from its proportion measured as of September 30, 2022.

For the year ended June 30, 2024, the School District recognized pension expense of \$1,420,144. At June 30, 2024, the School 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
Differences between actual and expected experience	\$419,169	(\$20,341)
Changes of assumptions	1,799,328	(1,037,452)
Net difference between projected and actual earnings on pension plan investments	-	(271,726)
Changes in proportion and differences between the employer contributions and proportionate share of contributions	82,323	(442,734)
Subtotal	<u>2,300,820</u>	<u>(\$1,772,253)</u>
Employer contributions subsequent to the measurement date	<u>1,560,902</u>	
Total	<u><u>\$3,861,722</u></u>	

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending 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:

NOTE R – EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PLAN (Continued):**Deferred (Inflows) and Deferred Outflows
of Resources by Year (to Be Recognized
in Future Pension Expenses)**

Year Ended September 30	Amount
2024	\$172,022
2025	101,475
2026	482,298
2027	(227,228)
Total	<u>\$528,567</u>

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date:	September 30, 2022
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	
- MIP and Basic Plans	6.00% net of investment expenses
- Pension Plus	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 at 2.75%
Cost-of-Living Pension 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:	PubT-2010 Male and Female Employee Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

NOTE R – EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PLAN (Continued):

Notes:

- Assumption changes as a result of an experience study for the periods 2017 through 2022 have been adopted by the System for use in the annual pension valuations beginning with the Sept. 30, 2023 valuation. The total pension liability as of Sept. 30, 2023, is based on the results of an actuarial valuation date of Sept. 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
- Recognition period for assets in years is 5.0000
- Full actuarial assumptions are available in the 2023 MPSERS Annual Comprehensive Financial Report found on the ORS website at Michigan.gov/ORSSchools.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of Sept. 30, 2023, are summarized in the following table:

Asset Class	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	<u>100.0%</u>	

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

Rate of Return

For the fiscal year ended Sept. 30, 2023, the annual money-weighted rate of return on pension plan investment, 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.

NOTE R – EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PLAN (Continued):

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

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

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

1% Decrease	Current Single Discount Rate Assumption	1% Increase (Non-Hybrid/Hybrid)
5.00% / 5.00% / 5.00%*	6.00% / 6.00% / 6.00%*	7.00% / 7.00% / 7.00%*
\$17,939,524	\$13,278,729	\$9,398,449

* Discount rates listed in the following order: Basic and Member Investment Plan (MIP), Pension Plus Plan, and Pension Plus 2 Plan

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

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS Annual Comprehensive Financial Report, available on the ORS website at Michigan.gov/ORSSchools.

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

At June 30, 2024, the School District reported a payable of \$149,832 for the outstanding amount of contributions to the pension and OPEB plan required for the year ended June 30, 2024.

NOTE S – EMPLOYEE RETIREMENT SYSTEM – DEFINED CONTRIBUTION PLANS:

Employees of the School District who began working for a Michigan public school July 1, 2010, or later, are members of the Pension Plus plan or Defined Contribution (DC) plan, defined contribution pension plans. Under Public Act 300 of 2012, eligible members of MPERS had the option to increase, maintain, or stop their contributions to the pension fund as of the transition date. Members of MPERS who elected to stop their contributions became participants in the DC plan as of their transition date.

NOTE S – EMPLOYEE RETIREMENT SYSTEM – DEFINED CONTRIBUTION PLANS (Continued):

Pension Plus Plan

The Pension Plus Plan is administered by Voya Financial. Benefit terms, including employer contribution requirements are established and may be amended by MPSERS. Within the plan employees have three options to choose from: 1) Pension Plus with Premium Subsidy, 2) Pension plus to DC with PHF, and 3) Basic/MIP to DC with Premium Subsidy. The School District's required to contribute ranges 1% to 4% of annual salary for plan members based on the type of plan the employee is participating in. Employees are permitted to make contributions up to applicable Internal Revenue Service Code limits. Employees are considered 100% vested for their own contributions; for employer contributions employees are considered 100% vested after four years of service. Employees are eligible to receive benefits from the Plan in accordance with IRS regulations for 401(k) plans.

Defined Contribution Plan

The Defined Contribution Plan is a defined contribution plan under sections 401(k) and section 457 of the Internal Revenue Code and is administered by Voya Financial. Benefit terms, including employer contribution requirements are established and may be amended by MPSERS. Employee contributions are 8% of wages with the employer matching contributions dollar for dollar on the first 2% of wages and 50 cents on the dollar on the next 6% of wages. Employee contributions are made into the 457 Plan while employer matching contributions are made in other 401(k) Plan. Employees are considered 100% vested for their own contributions; for employer contributions employees are considered 100% vested after four years of service. Employees are eligible to receive benefits and make contributions to the Plan in accordance with IRS regulations for 401(k) and 457 plans.

The total amount contributed to the Plan for the year ended June 30, 2024 was \$215,616 which consisted of \$69,607 from the School District and \$146,009 from employees.

Personal Healthcare Fund

The Personal Healthcare Fund (PHF) is a personal, portable defined contribution plan under sections 401(k) and section 457 of the Internal Revenue Code and is administered by Voya Financial. Employee contributions are 2% of wages with the employer matching 2%. Employees are considered 100% vested for their own contributions; for employer contributions employees are considered 100% vested after four years of service. Employees are eligible to receive benefits and make contributions to the Plan in accordance with IRS regulations for 401(k) and 457 plans.

The total amount contributed to the Plan for the year ended June 30, 2024 was \$96,632 which consisted of \$48,316 from the School District and \$48,316 from employees.

NOTE T – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB):

Plan Description

The MPSERS Plan, as previously described in the Defined Benefit Plan footnote, includes an Other Post-Employment Benefits component as part of the cost of the Plan. 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). All information related to the OPEB component of the Plan is the same except as noted below:

NOTE T – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued):

Benefits Provided

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

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

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

Contributions

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

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

NOTE T – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued):

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

OPEB Contribution Rates		
Benefit Structure	Member	Employer
Premium Subsidy	3.00%	8.07%
Personal Healthcare Fund (PHF)	0.00%	7.21%

Required contributions to the OPEB plan from the School District were \$1,478,648 for the year ended September 30, 2023.

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

At June 30, 2024, the School District reported a liability/(benefit) of (\$231,623) for its proportionate share of the MPSERS net OPEB liability/(benefit). The net OPEB liability/(benefit) was measured as of September 30, 2023, and the total OPEB liability used to calculate the net OPEB liability/(benefit) was determined by an actuarial valuation rolled forward from September 2022. The School District's proportion of the net OPEB liability/(benefit) was determined by dividing each employers' statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2023, the School District's proportion was 0.04094461 percent, which was an increase of 0.00096207 percent from its proportion measured as of September 30, 2022.

For the year ended June 30, 2024, the School District recognized OPEB expense/(contra expense) of (\$481,419). At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences between actual and expected experience	\$-	(\$1,750,262)
Changes of assumptions	515,663	(62,092)
Net difference between projected and actual earnings on OPEB plan investments	706	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	113,491	(212,070)
Subtotal	629,830	(\$2,024,424)
Employer contributions subsequent to the measurement date	266,006	
Total	<u>\$895,836</u>	

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

NOTE T – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued):**Deferred (Inflows) and Deferred Outflows
of Resources by Year (to Be Recognized
in Future OPEB Expenses)**

Year Ended September 30	Amount
2024	(\$469,371)
2025	(417,687)
2026	(160,480)
2027	(174,904)
2028	(116,692)
Thereafter	(55,460)
Total	<u>(\$1,394,594)</u>

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date:	September 30, 2022
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.00% net of investment expenses
Projected Salary Increases:	2.75% - 11.55%, including wage inflation at 2.75%
Healthcare Cost Trend Rate:	Pre-65: 7.50% Year 1 graded to 3.5% Year 15 Post-65: 5.25% 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: PubT-2010 Male and Female Employee Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.
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

NOTE T – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued):

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

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 Sept. 30, 2023 valuation. The total OPEB liability as of Sept. 30, 2023, is based on the results of an actuarial valuation date of Sept. 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
- Recognition period for assets in year is 5.0000
- Full actuarial assumptions are available in the 2023 MPSERS Annual Comprehensive Financial Report found on the ORS website at [Michigan.gov/ORSSchools](https://www.michigan.gov/ORSSchools).

Rate of Return

For the fiscal year ended September 30, 2023, the annual money-weighted rate of return on OPEB plan investment, 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 liability. 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 School District's Proportionate Share of the Net OPEB Liability/(Benefit) to Changes in the Discount Rate

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

1% Decrease	Current Discount Rate	1% Increase
5.00%	6.00%	7.00%
\$240,124	(\$231,623)	(\$637,043)

NOTE T – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued):

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

The following presents the School District's proportionate share of the net OPEB liability/(benefit) calculated using assumed trend rates, as well as what the School District's proportionate share of the net OPEB liability/(benefit) 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
(\$638,054)	(\$231,623)	(\$208,268)

OPEB Plan Fiduciary Net Position

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

NOTE U – SINGLE AUDIT:

The School District's audited financial statements report a total of \$663,577 in federal expenditures. As this amount is less than the single audit threshold of \$750,000, the School District is not required to have an audit in accordance with the Uniform Guidance for the fiscal year ended June 30, 2024.

NOTE V – TAX ABATEMENTS:

For financial reporting purposes, GASB Statement No. 77, *Tax Abatement Disclosures*, defines a tax abatement as resulting from an agreement between an government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. The Statement requires disclosure of tax abatement information about a reporting government's own tax abatement agreements and about tax abatement agreements entered into by other governments that reduce the reporting government's tax revenues.

The School District receives reduce property tax revenues as a result of the Neighborhood Enterprise Zone (NEZ), Industrial Facilities Tax (IFT) exemptions, and/or Brownfields granted by the townships, cities, and/or counties within the district. These tax exemptions are intended to promote economic development and/or growth within the issuing government's jurisdiction. Operating revenues not paid to the School District because of tax abatement agreements are reimbursed to the School District by the State of Michigan through the per-pupil foundation allowance.

For the fiscal year ended June 30, 2024, there were no significant tax abatements made by the School District.

NOTE W – NEW GASB STANDARDS:

Management of the School District has reviewed the following pronouncements released by the Governmental Accounting Standards Board (GASB) that are effective in the current fiscal year for applicability. Pronouncements deemed applicable to the School District by management are described below in *Recently Issued and Adopted Accounting Pronouncements*; pronouncements not applicable are described in *Other Recently Issued Accounting Pronouncements*.

Recently Issued and Adopted Accounting Pronouncements

None.

Other Recently Issued Accounting Pronouncements

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Stmt No. 62*. GASB 100 will enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also addresses corrections of errors in previously issued financial statements. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). This statement is effective for periods beginning after June 15, 2023. The School District does not have activities that meet the criteria for GASB 100; therefore, GASB 100 is not applicable to the School District.

NOTE Y – NET POSITION RESTATEMENT:

The School District recorded a receivable related to grant funds that erroneously was missed as part of the audit. As a result the fund balance and net position have been restated as follows:

	Governmental Activities	General Fund
Fund Balance/Net Position, beginning of year	(\$2,463,853)	\$2,174,995
Prior period adjustment	<u>7,173</u>	<u>7,173</u>
Fund Balance/ Net Position, beginning of year, As restated	<u><u>(\$2,456,680)</u></u>	<u><u>\$2,182,168</u></u>

NOTE Z – EXPENDITURES OVER APPROPRIATIONS:

Public Act 621 of 1978, Section 18 (1), as amended, provides that a governmental entity shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the School District's actual expenditures and budgeted expenditures for are shown on a functional basis.

NOTE Z – EXPENDITURES OVER APPROPRIATIONS (Continued):

The approved budgets to the School District's General and Special Revenue Funds were adopted on an activity and/or program level. The Michigan Department of Education reviews budget violations based on total expenditures and transfers out. During the year ended June 30, 2024, the School District incurred functional expenditures which were in excess of the total amounts appropriated as follows:

<u>Fund</u>	<u>Final Amended Budget</u>	<u>Expenditure</u>	<u>Variance</u>
Scholarship Fund:			
Agency activities	\$94,700	\$147,590	(\$52,890)

**REQUIRED SUPPLEMENTARY
INFORMATION**

Ishpeming Public School District No. 1

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN**

For the Plan Year Ended September 30

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of net pension liability	0.04103%	0.04211%	0.04287%	0.04202%	0.04358%	0.04606%	0.04733%	0.04686%	0.04616%	0.04507%
District's proportionate share of net pension liability	\$ 13,278,729	\$ 15,837,949	\$ 10,148,645	\$ 14,434,818	\$ 14,432,900	\$ 13,847,919	\$ 12,264,018	\$ 11,691,815	\$ 11,273,684	\$ 9,928,237
District's covered-employee payroll	\$ 4,151,184	\$ 3,917,767	\$ 3,977,682	\$ 3,724,633	\$ 3,769,371	\$ 3,847,732	\$ 3,984,214	\$ 3,988,551	\$ 3,940,368	\$ 3,931,261
District's proportionate share of net pension liability as a percentage of covered-employee payroll	319.88%	404.26%	255.14%	387.55%	382.90%	359.90%	307.82%	293.13%	286.11%	252.55%
Plan fiduciary net position as a percentage of total pension liability	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%
Notes to Required Supplementary Information:										
Changes in benefit terms:	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE
Changes in assumptions:	2023	2022	2021	2020	2019	2018	NONE	NONE	NONE	NONE

2023 - Recognition period for liabilities increased from 4.3922 to 4.4406

2022 - Investment rate of return for MIP and Basic Plans reduced from 6.80% to 6.00%
- Investment rate of return for Pension Plus reduced from 6.80% to 6.00%
- Recognition period for liabilities decreased from 4.4367 to 4.3922

2021 - Recognition period for liabilities decreased from 4.4892 to 4.4367

2020 - Recognition period for liabilities decreased from 4.4977 to 4.4892

2019 - Investment rate of return for MIP and Basic Plans reduced from 7.05% to 6.80%
- Recognition period for liabilities increased from 4.5304 to 4.4977

2018 - Investment rate of return for MIP and Basic Plans reduced from 7.50% to 7.05%
- Projected salary increases reduced to 2.75% - 11.55%, including wage inflation at 2.75%
- Mortality tables updated to RP-2014 Male and Female Healthy Annuitant
- Recognition period for liabilities increased from 4.5188 to 4.5304

Ishpeming Public School District No. 1

SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN

For the Fiscal Year Ended June 30

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contributions	\$ 1,764,612	\$ 1,484,883	\$ 1,441,771	\$ 1,285,040	\$ 1,162,777	\$ 1,164,008	\$ 1,175,758	\$ 1,336,774	\$ 1,293,196	\$ 1,306,427
Contributions in relation to statutorily required contributions	<u>1,764,612</u>	<u>1,484,883</u>	<u>1,441,771</u>	<u>1,285,040</u>	<u>1,162,777</u>	<u>1,164,008</u>	<u>1,175,758</u>	<u>1,336,774</u>	<u>1,293,196</u>	<u>1,306,427</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 4,603,134	\$ 4,157,815	\$ 3,930,084	\$ 3,947,437	\$ 3,754,189	\$ 3,773,689	\$ 3,928,246	\$ 3,921,399	\$ 4,087,707	\$ 3,938,411
Pension contributions as a percentage of covered-employee payroll	38.34%	35.71%	36.69%	32.55%	30.97%	30.85%	29.93%	34.09%	31.64%	33.17%

Ishpeming Public School District No. 1

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN**

For the Plan Year Ended September 30

	2023	2022	2021	2020	2019	2018	2017			
District's proportion of net OPEB liability	0.04094%	0.03998%	0.04373%	0.04179%	0.04301%	0.04518%	0.04742%			
District's proportionate share of net OPEB liability/(benefit)	\$ (231,623)	\$ 846,855	\$ 667,475	\$ 2,238,789	\$ 3,087,194	\$ 3,591,073	\$ 4,199,417			
District's covered-employee payroll	\$ 4,151,184	\$ 3,917,767	\$ 3,977,682	\$ 3,724,633	\$ 3,769,371	\$ 3,847,732	\$ 3,984,214			
District's proportionate share of net OPEB liability/(benefit) as a percentage of covered-employee payroll	(5.58%)	21.62%	16.78%	60.11%	81.90%	93.33%	105.40%			
Plan fiduciary net position as a percentage of total OPEB liability	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%			
Notes to Required Supplementary Information:										
Changes in benefit terms:	NONE	NONE	NONE	NONE	NONE	NONE	NONE			
Changes in assumptions:	2023	2022	2021	2020	2019	2018	NONE			

2023 - Healthcare Cost Trend Rate decreased from 7.75% to 7.50% for Pre-65; Post-65 had no change
- Recognition period for liabilities increased from 6.2250 to 6.5099

2022 - Investment rate of return reduced from 6.95% to 6.00%
- Recognition period for liabilities increased from 6.1312 to 6.2250

2021 - Healthcare Cost Trend Rate increased from 7.0% to 7.75% for Pre-65; Post-65 had rate of 5.25%
- Recognition period for liabilities increased from 5.6018 to 6.1312

2020 - Healthcare Cost Trend Rate decreased from 7.5% to 7.0%
- Recognition period for liabilities decreased from 5.7101 to 5.6018

2019 - See pension assumptions
- Investment rate of return reduced from 7.15% to 6.95%
- Recognition period for liabilities increased from 5.6018 to 5.7101

2018 - See pension assumptions
- Healthcare Cost Trend rate 7.5% Year 1 graded to 3.0% Year 12 (compared to 3.5% Year 12)
- Recognition period for liabilities increased from 5.4744 to 5.6018

Ishpeming Public School District No. 1

**SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN**

For the Fiscal Year Ended June 30

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u></u>	<u></u>	<u></u>
Statutorily required contributions	\$ 339,511	\$ 316,887	\$ 300,482	\$ 314,678	\$ 286,655	\$ 288,823	\$ 293,890			
Contributions in relation to statutorily required contributions	<u>339,511</u>	<u>316,887</u>	<u>300,482</u>	<u>314,678</u>	<u>286,655</u>	<u>288,823</u>	<u>293,890</u>			
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			
District's covered-employee payroll	\$ 4,603,134	\$ 4,157,815	\$ 3,930,084	\$ 3,947,437	\$ 3,754,189	\$ 3,773,689	\$ 3,928,246			
OPEB contributions as a percentage of covered-employee payroll	7.38%	7.62%	7.65%	7.97%	7.64%	7.65%	7.48%			

Ishpeming Public School District No. 1

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variances	
	Original	Final	(GAAP Basis)	Positive (Negative)	
				Original Budget to Final Budget	Final Budget to Actual
REVENUES:					
Local sources	\$ 2,274,613	\$ 2,289,603	\$ 2,610,996	\$ 14,990	\$ 321,393
State sources	6,932,609	8,085,537	8,343,791	1,152,928	258,254
Federal sources	287,164	337,313	401,024	50,149	63,711
TOTAL REVENUES	9,494,386	10,712,453	11,355,811	1,218,067	643,358
EXPENDITURES:					
Instruction:					
Basic programs	3,425,904	3,428,723	3,502,225	(2,819)	(73,502)
Added needs	2,114,081	2,184,750	2,153,781	(70,669)	30,969
Adult/continuing education	112,389	192,853	190,984	(80,464)	1,869
Total Instruction	5,652,374	5,806,326	5,846,990	(153,952)	(40,664)
Supporting Services:					
Student services	627,446	640,063	639,242	(12,617)	821
Instructional staff	380,887	715,894	610,560	(335,007)	105,334
General administration	371,691	370,119	358,399	1,572	11,720
School administration	613,139	510,573	462,612	102,566	47,961
Business services	229,379	242,638	247,066	(13,259)	(4,428)
Operation and maintenance of plant	1,104,872	1,157,183	1,006,235	(52,311)	150,948
Pupil transportation	578,374	615,562	434,243	(37,188)	181,319
Central services	48,390	50,278	52,763	(1,888)	(2,485)
Other supporting services	218,692	218,692	230,967	-	(12,275)
Total Supporting Services	4,172,870	4,521,002	4,042,087	(348,132)	478,915
Community Services:					
Community recreation	85,755	63,108	51,683	22,647	11,425
Community activities	-	-	-	-	-
Childcare center	316,651	370,073	375,462	(53,422)	(5,389)
Other	11,653	12,653	10,149	(1,000)	2,504
Total Community Services	414,059	445,834	437,294	(31,775)	8,540
Debt Service:					
Principal	104,664	126,504	86,963	(21,840)	39,541
Interest	-	-	6,961	-	(6,961)
Issuance cost	-	-	5,472	-	(5,472)
Total Debt Service	104,664	126,504	99,396	(21,840)	27,108
Facilities Acquisition:					
Capital outlay	10,000	92,421	79,118	(82,421)	13,303
Total Facilities Acquisition	10,000	92,421	79,118	(82,421)	13,303
TOTAL EXPENDITURES	10,353,967	10,992,087	10,504,885	(638,120)	487,202
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(859,581)	(279,634)	850,926	579,947	1,130,560
OTHER FINANCING SOURCES (USES):					
Proceeds from borrowing	-	120,000	302,465	120,000	182,465
Proceeds from sale of capital assets	-	-	-	-	-
Transfers in	-	-	5,490	-	5,490
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	120,000	307,955	120,000	187,955
NET CHANGE IN FUND BALANCE	(859,581)	(159,634)	1,158,881	699,947	1,318,515
Fund Balance, July 1, as restated	2,182,168	2,182,168	2,182,168	-	-
FUND BALANCE, JUNE 30	\$ 1,322,587	\$ 2,022,534	\$ 3,341,049	\$ 699,947	\$ 1,318,515

Ishpeming Public School District No. 1

SPECIAL REVENUE FUND - SCHOLARSHIP FUND

BUDGETARY COMPARISON SCHEDULE

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original Budget to Final Budget	Final Budget to Actual
REVENUES:					
Local sources	\$ 90,000	\$ 133,000	\$ 328,555	\$ 43,000	\$ 195,555
TOTAL REVENUES	<u>90,000</u>	<u>133,000</u>	<u>328,555</u>	<u>43,000</u>	<u>195,555</u>
EXPENDITURES:					
Supporting Services:					
Agency Activities:					
Scholarships granted	80,000	94,700	121,268	(14,700)	(26,568)
Other	-	-	26,322	-	(26,322)
Total Supporting Services	<u>80,000</u>	<u>94,700</u>	<u>147,590</u>	<u>(14,700)</u>	<u>(52,890)</u>
TOTAL EXPENDITURES	<u>80,000</u>	<u>94,700</u>	<u>147,590</u>	<u>(14,700)</u>	<u>(52,890)</u>
NET CHANGE IN FUND BALANCE	<u>10,000</u>	<u>38,300</u>	<u>180,965</u>	<u>28,300</u>	<u>142,665</u>
Fund Balance, July 1	<u>2,618,665</u>	<u>2,618,665</u>	<u>2,618,665</u>	<u>-</u>	<u>-</u>
FUND BALANCE, JUNE 30	<u>\$ 2,628,665</u>	<u>\$ 2,656,965</u>	<u>\$ 2,799,630</u>	<u>\$ 28,300</u>	<u>\$ 142,665</u>

**OTHER SUPPLEMENTAL
INFORMATION**

Ishpeming Public School District No. 1

NON-MAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

June 30, 2024

	Special Revenue Funds	Debt Service Fund	Capital Projects			Total
			Sinking Fund	Capital Projects Fund	2024 Bond Fund	
ASSETS						
Cash and cash equivalents	\$ 494,487	\$ 223,121	\$ 511,198	\$ 664,919	\$ 889,378	\$ 2,783,103
Investments	115,276	303	151	-	-	115,730
Accounts receivable	-	-	-	-	-	-
Due from other governmental units	1,034	2,777	1,159	-	-	4,970
Due from other funds	-	-	-	-	-	-
Inventory	8,164	-	-	-	-	8,164
Prepaid expense	-	-	-	-	-	-
TOTAL ASSETS	618,961	226,201	512,508	664,919	889,378	2,911,967
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 618,961	\$ 226,201	\$ 512,508	\$ 664,919	\$ 889,378	\$ 2,911,967
LIABILITIES						
Accounts payable	\$ 17,083	\$ -	\$ -	\$ 13,359	\$ 12,950	\$ 43,392
Due to other funds	5,490	-	-	36,574	-	42,064
Unearned revenue	11,484	-	-	-	-	11,484
TOTAL LIABILITIES	34,057	-	-	49,933	12,950	96,940
DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-
FUND BALANCES						
Non-spendable	8,164	-	-	-	-	8,164
Restricted	103,049	226,201	512,508	-	876,428	1,718,186
Committed	473,691	-	-	-	-	473,691
Assigned	-	-	-	614,986	-	614,986
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	584,904	226,201	512,508	614,986	876,428	2,815,027
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 618,961	\$ 226,201	\$ 512,508	\$ 664,919	\$ 889,378	\$ 2,911,967

Ishpeming Public School District No. 1

NON-MAJOR GOVERNMENTAL FUNDS

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Year Ended June 30, 2024

	Special Revenue Funds	Debt Service Fund	Capital Projects			
			Sinking Fund	Capital Projects Fund	2024 Bond Fund	Total
REVENUES:						
Local sources	\$ 602,550	\$ 878,479	\$ 367,025	\$ 3,049	\$ 466	\$ 1,851,569
State sources	36,159	-	-	-	-	36,159
Federal sources	262,553	-	-	-	-	262,553
TOTAL REVENUES	901,262	878,479	367,025	3,049	466	2,150,281
EXPENDITURES:						
Supporting services	-	-	-	-	-	-
Community services	170	-	-	-	-	170
Food services	395,189	-	-	-	-	395,189
School activities	585,018	-	-	-	-	585,018
Debt service:						-
Principal	-	545,000	205,000	-	-	750,000
Interest and fiscal charges	-	318,445	5,227	-	-	323,672
Issuance costs	-	2,625	500	-	26,838	29,963
Capital outlay	-	-	-	205,247	87,200	292,447
TOTAL EXPENDITURES	980,377	866,070	210,727	205,247	114,038	2,376,459
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(79,115)	12,409	156,298	(202,198)	(113,572)	(226,178)
OTHER FINANCING SOURCES (USES):						
Proceeds from borrowing	-	-	-	-	990,000	990,000
Transfers in	-	-	-	-	-	-
Transfers (out)	(5,490)	-	-	-	-	(5,490)
TOTAL OTHER FINANCING SOURCES (USES)	(5,490)	-	-	-	990,000	984,510
NET CHANGE IN FUND BALANCE	(84,605)	12,409	156,298	(202,198)	876,428	758,332
Fund Balance, July 1	669,509	213,792	356,210	817,184	-	2,056,695
FUND BALANCE, JUNE 30	\$ 584,904	\$ 226,201	\$ 512,508	\$ 614,986	\$ 876,428	\$ 2,815,027

Ishpeming Public School District No. 1

NON-MAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

June 30, 2024

	Special Revenue Funds				
	Food Service Fund	School Activities Fund	Auditorium Fund	Special Needs Fund	Total
ASSETS					
Cash and cash equivalents	\$ 81,861	\$ 358,415	\$ 7,453	\$ 46,758	\$ 494,487
Investments	-	115,276	-	-	115,276
Accounts receivable	-	-	-	-	-
Due from other governmental units	1,034	-	-	-	1,034
Due from other funds	-	-	-	-	-
Inventory	8,164	-	-	-	8,164
Prepaid expense	-	-	-	-	-
TOTAL ASSETS	91,059	473,691	7,453	46,758	618,961
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 91,059	\$ 473,691	\$ 7,453	\$ 46,758	\$ 618,961
LIABILITIES					
Accounts payable	\$ 17,083	\$ -	\$ -	\$ -	\$ 17,083
Due to other funds	5,490	-	-	-	5,490
Unearned revenue	11,484	-	-	-	11,484
TOTAL LIABILITIES	34,057	-	-	-	34,057
DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-
FUND BALANCES					
Non-spendable	8,164	-	-	-	8,164
Restricted	48,838	-	7,453	46,758	103,049
Committed	-	473,691	-	-	473,691
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	57,002	473,691	7,453	46,758	584,904
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 91,059	\$ 473,691	\$ 7,453	\$ 46,758	\$ 618,961

Ishpeming Public School District No. 1

NON-MAJOR SPECIAL REVENUE FUNDS

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Year Ended June 30, 2024

	Special Revenue Funds				Total
	Food Service Fund	School Activities Fund	Auditorium Fund	Special Needs Fund	
REVENUES:					
Local sources	\$ 7,363	\$ 588,594	\$ 1,414	\$ 5,179	\$ 602,550
State sources	36,159	-	-	-	36,159
Federal sources	262,553	-	-	-	262,553
TOTAL REVENUES	306,075	588,594	1,414	5,179	901,262
EXPENDITURES:					
Supporting services	-	-	-	-	-
Community services	-	-	170	-	170
Food services	395,189	-	-	-	395,189
School activities	-	585,018	-	-	585,018
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Issuance costs	-	-	-	-	-
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	395,189	585,018	170	-	980,377
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(89,114)	3,576	1,244	5,179	(79,115)
OTHER FINANCING SOURCES (USES):					
Proceeds from borrowing	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers (out)	(5,490)	-	-	-	(5,490)
TOTAL OTHER FINANCING SOURCES (USES)	(5,490)	-	-	-	(5,490)
NET CHANGE IN FUND BALANCE	(94,604)	3,576	1,244	5,179	(84,605)
Fund Balance, July 1	151,606	470,115	6,209	41,579	669,509
FUND BALANCE, JUNE 30	\$ 57,002	\$ 473,691	\$ 7,453	\$ 46,758	\$ 584,904

COMPLIANCE SECTION



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

To the Board of Education of the
Ishpeming Public School District No. 1
319 E. Division Street
Ishpeming, Michigan 49849

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ishpeming Public School District No. 1 (the School District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 30, 2024.

Report on Internal Control over Financial Reporting

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

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

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

To the Board of Education of the
Ishpeming Public School District No. 1

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Report to Management as item 2024-001.

The School District's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the School District's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Anderson, Tackman & Company, PLLC
Certified Public Accountants

October 30, 2024

COMMUNICATIONS SECTION



Ishpeming Public School District No. 1
Report to Management
For the Year Ended June 30, 2024

To the Board of Education and Management of the
Ishpeming Public School District No. 1
319 E. Division Street
Ishpeming, Michigan 49849

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ishpeming Public School District No. 1 (the School District) as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the School District's system of internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in internal control to be significant deficiencies:

INSTANCES OF NON-COMPLIANCE

2024-001 – EXPENDITURES OVER APPROPRIATIONS

Condition: During the year ended June 30, 2024, the School District incurred functional expenditures which were in excess of the amounts appropriated as shown within the notes to the basic financial statements.

To the Board of Education and Management of the
Ishpeming Public School District No. 1

Criteria: Public Act 621 of 1978, Section 18 (1) as amended, provides that local governmental units shall not incur expenditures in excess of the amount appropriated.

Cause of Condition: Failure to amend the budgets during the year based on the level of expenditures.

Effect: The School District is not in compliance with State law.

Recommendation: The School District should strictly control expenditures in each governmental fund so as not to exceed the original appropriation. When this is not possible, the budget should be amended accordingly.

Management Response: See separate Corrective Action Plan

- Contact Person(s) Responsible for Correction:
 - Board of Education
- Anticipated Completion Date:
 - Not Applicable

The School District's written response to the significant deficiencies identified in our audit has not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This communication is intended solely for the information and use of management, the Board of Education, others within the organization, and the Michigan Department of Education and is not intended to be and should not be used by anyone other than these specified parties.

Anderson, Tackman & Company, PLLC
Certified Public Accountants

October 30, 2024



Ishpeming Public School District No. 1
Communication with Those Charged with Governance
For the Year Ended June 30, 2024

October 30, 2024

To the Board of Education of the
Ishpeming Public School District No. 1
319 E. Division Street
Ishpeming, Michigan 49849

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ishpeming Public School District No. 1 (the School District) for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 9, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the School District are described in the footnotes to the financial statements. Newly adopted GASB standards are disclosed in the notes to the financial statements. We noted no transactions entered into by the School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the School District's financial statements were:

Management's estimate of accumulated depreciation is based on historical cost. Depreciation is calculated using the straight-line method. We evaluated the methods, assumptions, and data used to develop the current years depreciation expense and accumulated depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of employee benefit obligations is based on employee pay rates and the various subsidiary ledgers maintained for hour balances. We evaluated the methods, assumptions, and data used to develop the accrued employee benefit balances in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the School District's proportionate share of Net Pension Liability and Net OPEB Liability is based on an actuarial performed for the Michigan Public Employees' Retirement System (MPERS) to determine its liability. We evaluated the methods, assumptions, and data used to develop the School District's proportionate share of Net Pension Liability and Net OPEB Liability, based on information provided by the Michigan Department of Technology, Management and Budget Office of Retirement Services, in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's allocation of the School District's pension and OPEB contributions subsequent to the measurement date is based contribution rates set by the Office of Retirement Services. We evaluated the methods, assumptions, and data used to develop the allocation in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements were:

The disclosure of the School District's proportionate share of the Defined Benefit Pension and OPEB Plan includes significant actuarial assumptions used in calculating the valuation. Gabriel, Roeder, Smith & Company was the actuarial company hired by the Retirement Board of the Michigan Public Employees' Retirement System (MPERS) and the Michigan Department of Technology, Management and Budget Office of Retirement Services for preparation of the annual actuarial valuation. A full listing of the actuarial assumptions used can be found MPERS' Annual Comprehensive Financial Report of the Fiscal Year Ended September 30, 2023.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

To the Board of Education of the
Ishpeming Public School District No. 1

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 30, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the School District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the School District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

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

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Report to Management as item 2024-001.

Upcoming Changes in Accounting Standards

The Governmental Accounting Standards Board (GASB) has recently released new standards that may be applicable to the School District in the future. We encourage management to review the information included in the Attachment and determine which standard(s) may be applicable to the School District.

To the Board of Education of the
Ishpeming Public School District No. 1

Other Matters

We applied certain limited procedures to the Require Supplementary Information (RSI), as listed in the table of contents, which supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on Other Supplemental Information and the schedule of expenditures of federal awards, as listed in the table of contents, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Education and management of the School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Anderson, Tackman & Company, PLLC
Certified Public Accountants

ATTACHMENT – UPCOMING GASB STANDARDS
For the Year Ended June 30, 2024

The Governmental Accounting Standards Board (the Board) routinely issues pronouncements to enhance accounting and financial reporting. Below are synopses of currently issued standards that may be applicable to the School District in the future. More information related to these standards can be found at www.gasb.org including full copies of the standards along with implementation guides and technical bulletins. We encourage management to review the following pronouncements to determine which standard(s) may be applicable to the School District.

GASB 101: Compensated Absences

Effective for fiscal years beginning after December 15, 2023 (School District's fiscal year 2025)

The Board believes the unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave.

The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences.

We do not expect this standard to have any significant effect on the School District's financial statements.

GASB 102: Certain Risk Disclosures

Effective for fiscal years beginning after June 15, 2024 (School District's fiscal year 2025)

The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending.

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

The Board believes the requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that

ATTACHMENT – UPCOMING GASB STANDARDS
For the Year Ended June 30, 2024

make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition.

We do not expect this standard to have any significant effect on the School District's financial statements.

GASB 103: Financial Reporting Model Improvements

Effective for fiscal years beginning after June 15, 2025 (School District's fiscal year 2026)

The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. The Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed and avoid "boilerplate" discussions. The requirements for MD&A will improve the quality of the analysis of changes from the prior year, which will enhance the relevance of that information. They also will provide clarity regarding what information should be presented in MD&A.

This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Furthermore, governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows. The requirements for the separate presentation of unusual or infrequent items will provide clarity regarding which items should be reported separately from other inflows and outflows of resources.

This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses are defined as revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses are defined as (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses. In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this Statement requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses. The definitions of operating revenues and expenses and of nonoperating revenues and expenses will replace accounting policies that vary from government to government, thereby improving comparability.

To the Board of Education of the
Ishpeming Public School District No. 1

ATTACHMENT – UPCOMING GASB STANDARDS
For the Year Ended June 30, 2024

The addition of a subtotal for operating income (loss) and noncapital subsidies will improve the relevance of information provided in the proprietary fund statement of revenues, expenses, and changes in fund net position.

This Statement requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. If the readability of those statements would be reduced, combining statements of major component units should be presented after the fund financial statements. The requirement for presentation of major component unit information will improve comparability.

This Statement requires governments to present budgetary comparison information using a single method of communication—RSI. Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI. The requirement that budgetary comparison information be presented as RSI will improve comparability, and the inclusion of the specified variances and the explanations of significant variances will provide more useful information for making decisions and assessing accountability.

We expect this standard to have a significant effect on the presentation of the School District's financial statements.

ISHPEMING PUBLIC SCHOOL DISTRICT NO. 1
319 EAST DIVISION STREET
ISHPEMING, MICHIGAN 49849



CARRIE A. MEYER
SUPERINTENDENT OF SCHOOLS
PHONE: (906) 485-5501

WENDY J. RICHARDS
BUSINESS MANAGER
FAX: (906) 485-1422

*Corrective Action Plan
For the Year Ended June 30, 2024*

October 30, 2024

In response to the findings disclosed in the audited financial statements for the year ended June 30, 2024:

2024-001 – EXPENDITURES OVER APPROPRIATIONS

Corrective Action Plan:

The School District will take better care in the future to make sure that expenditures are within budgeted amounts or, when necessary, to amend the budget for known changes.