Menominee County
Intermediate School District

Annual Financial Report

For the Year Ended
June 30, 2023

KerberRose

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MENOMINEE COUNTY INTERMEDIATE SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

KerberRose

Independent Auditors' Report

To the Board of Education
Menominee County Intermediate School District
Menominee, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Menominee County Intermediate School District (District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund for the District, as of June 30, 2023, and the respective changes in financial position 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-13, schedule of budgetary comparison – general fund, schedule of budgetary comparison – special education fund, schedules of employer's proportionate share of the net pension liability and employer pension contributions, and schedules of employer's proportionate share of the net OPEB liability and employer OPEB contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Awards,* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* is presented for additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain 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 accompanying schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

To the Board of Education
Menominee County Intermediate School District

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the detailed budgetary comparison schedule - general fund and detailed budgetary comparison schedule - special education fund but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

KerberRose SC

KerberRose S.C.
Certified Public Accountants
Green Bay, Wisconsin
November 1, 2023

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of the Menominee County Intermediate School District's (District) annual financial report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2023. It is to be read in conjunction with the District's financial statements, which immediately follow.

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 Menominee County Intermediate School District financially as a whole. The district-wide financial statements provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For government activities, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements look at the District's operations in more detail than the district-wide financial statements by providing information about the District's most significant funds - the General Fund and Special Education Fund.

Management's Discussion and Analysis (MD&A)
(Required Supplementary Information)

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District-wide Financial Statements

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Schedule of Employer's Proportionate Share of the Net Pension Liability

Schedule of Employer Pension Contributions

Schedule of Employer's Proportionate Share of the Net OPEB Liability

Schedule of Employer OPEB Contributions

Supplementary Information for the General Fund and Special Education Fund

Reporting the District as a Whole - District-wide Financial Statements

One of the most important questions asked about the District is "As a whole, what is the District's financial condition as a result of the year's activities?" The statement of net position (deficit) and the statement of activities, which appear first in the District's financial statements, report information on the District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and deferred outflows of resources and 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. These two statements report the District's net position (deficit) - the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, as reported in the statement of net position (deficit) - as one way to measure the District's financial health or financial position (deficit). Over time, increases or decreases in the District's net position (deficit) - as reported in the statement of activities - are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the District's operating results. However, the District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the District. The statement of net position (deficit) and the statement of activities report the governmental activities for the District, which encompass all of the District's services, including instruction and support services. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities.

Reporting the District's Most Significant Funds - Fund Financial Statements

The District's fund financial statements provide detailed information about both significant funds - not the District as a whole. The governmental funds of the District use the following accounting approach:

All of the District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the District and the 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 District's programs. We describe the relationship (or differences) between governmental activities reported in the statement of net position (deficit) and the statement of activities and governmental funds in reconciliations within the financial statements.

Summary of net position (deficit):

The following summarizes the net position (deficit) at the fiscal year ended June 30, 2023 and 2022.

	June 30, 2023	June 30, 2022
ASSETS		
Current	$ 6,419,178	$ 5,737,040
Capital Assets – Net of Accumulated Depreciation	554,780	511,156
TOTAL ASSETS	6,973,958	6,248,196
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows of Resources Related to Other Post-Employment Benefits	1,050,044	1,009,737
Deferred Outflows of Resources Related to Pension	3,796,713	2,004,105
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,846,757	3,013,842
LIABILITIES		
Current Liabilities	3,022,797	2,556,713
Long-Term Liabilities	12,316,120	7,566,589
TOTAL LIABILITIES	15,338,917	10,123,302
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources Related to Other Post-Employment Benefits	1,441,579	1,928,243
Deferred Inflows of Resources Related to Pension	628,853	2,933,103
TOTAL DEFERRED INLOWS OF RESOURCES	2,070,432	4,861,346
NET POSITION (DEFICIT)		
Investment in Capital Assets	554,780	511,156
Restricted	2,190,396	2,118,266
Unrestricted (Deficit)	(8,333,810)	(8,352,031)
TOTAL NET POSITION (DEFICIT)	$ (5,588,634)	$ (5,722,609)

Total net position (deficit) can be separated into three components: Investment in capital assets, restricted net position and unrestricted net deficit.

Investment in capital assets is a combination of funds available for capital assets, plus capital assets at original cost less accumulated depreciation. The cost of capital assets at June 30, 2023 is $1,169,255. The accumulated depreciation is the accumulation of depreciation expense since acquisition. In accordance with generally accepted accounting principles (GAAP), depreciation expense is recorded on the original cost of the asset, less any estimated salvage, expressed over the estimated useful life of the assets. Total accumulated depreciation is $614,475 at June 30, 2023.

Restricted net position is assets restricted for special education.

The District received mental health grants that increased cash and unearned revenues by approximately $540K.

Results of operations:

For the fiscal year ended June 30, 2023 and 2022, the district-wide results of operations are as follows:

	June 30, 2023	June 30, 2022
REVENUES		
GENERAL REVENUES:		
Property Taxes Levied for General Operations	$ 1,839,339	$ 1,763,766
State of Michigan Unrestricted	218,591	207,786
Interest on Investments	117,944	-
Other General Revenues	2,096	3,577
TOTAL GENERAL REVENUES	2,177,970	1,975,129
OPERATING GRANTS AND CONTRIBUTIONS		
Federal	1,216,357	1,426,875
State of Michigan	4,715,575	3,852,766
Other	582,324	982,374
TOTAL OPERATING GRANTS	6,514,256	6,262,015
CHARGES FOR SERVICES		
OTHER	96,651	164,284
TOTAL REVENUES	8,788,877	8,401,428
EXPENSES		
Instruction	662,472	618,717
Support Service	7,126,342	6,319,797
Interdistrict Payments	813,615	948,185
Depreciation	52,473	50,573
TOTAL EXPENSES	8,654,902	7,937,272
CHANGE IN NET DEFICIT	133,975	464,156
BEGINNING NET DEFICIT	(5,722,609)	(6,186,765)
ENDING NET DEFICIT	$ (5,588,634)	$ (5,722,609)

Analysis of Results of Operations:

During the fiscal year ended June 30, 2023, the District's net deficit decreased by additional $133,975. A few of the significant factors affecting net deficit during the year are discussed below:

- The change in net deficit of $133,975 is a ripple effect where the increase in revenues, taxes and interest rates caused a total increase of revenue over expenses of $133,975.
- Investment income increased significantly due to the interest rate increases in the market.

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS

The District's budgets are prepared according to Michigan law and are initially adopted prior to July 1 of each year, usually before the State of Michigan enacts its budget or most grants are awarded. Therefore, it is expected that there will be significant changes between the initial budget and subsequent budgets, as actual grant awards become known. The budgets are amended at least two times during the year. Budgets do not include grant revenues and expenditures until the award letter is received. Since a major portion of the District is funded by these awards, budget amendments are necessary to include these funds.

General Fund:

General Fund Revenues Budget vs. Actual History

Fiscal Year	Revenues and Other Financing Sources Original Budget	Revenues and Other Financing Sources Final Budget	Revenues and Other Financing Sources Final Actual	Variance Actual vs. Final Budget
2021-2022	$ 3,819,504	$ 4,346,938	$ 4,113,578	$ (233,360)
2022-2023	3,886,954	4,719,639	4,710,733	(8,906)

The District's budget for revenues changed as follows during the year:

Total Revenues Original Budget and Other Financing Sources	$ 3,886,954	
Total Revenues Final Budget and Other Financing Sources	4,719,639	
Increase in Budgeted Revenues and Other Financing Sources	$ 832,685	21.423%

The final revenue budget reflects the following changes from the original budget:

- The final budget was developed and approved for actual amounts received for restricted state aid, grant funding and carryover of funds not spent. Increases were mostly due to grants not anticipated during the original budget and increases in the monies awarded. There was also an increase in interest percentage not expected. Decreases from the original budget are in Other Revenue resources where reimbursement from the LEA's were much less than anticipated. There was also a decrease of 5% of transferring funds from Special Education due to the increase in grants.

General Fund Expenditures Budget vs. Actual History

Fiscal Year	Expenditures Original Budget	Expenditures Final Budget	Expenditures Final Actual	Variance Actual vs. Final Budget
2021-2022	$ 3,815,085	$ 4,041,356	$ 4,018,725	$ 22,631
2022-2023	3,848,232	4,619,645	4,563,949	55,696

The District's budget for expenditures changed as follows during the year:

Total Expenditures Original Budget	$	3,848,232	
Total Expenditures Final Budget		4,619,645	
Increase in Budgeted Expenditures	$	771,413	20.04%

The final expenditure budget reflects the following changes from the original budget:

- The final budget was developed and approved for actual expenses related to restricted state aid and grant funding and carryover of funds not spent. The increase is in correlation to the revenues. With the increase in grant monies, there will be an increase in expenditure related to those grants. The final budget also reflects the true increases in salary that were not known when creating the original budget. Thers is also expenditure for roof replacement in the final budget that was not anticipated in the original.

Special Education Fund:

Special Education Fund Revenues Budget vs. Actual History

Fiscal Year	Revenues Original Budget	Revenues Final Budget	Revenues Final Actual	Variance Actual vs. Final Budget
2021-2022	$ 4,002,804	$ 4,226,072	$ 4,223,452	$ (2,620)
2022-2023	3,970,380	4,402,501	4,388,888	(13,613)

The District's budget for revenues changed as follows during the year:

Total Revenues Original Budget	$	3,970,380	
Total Revenues Final Budget		4,402,501	
Increase in Budgeted Revenues	$	432,121	10.86%

The final revenue budget reflects the following changes from the original budget:

- One of the main reasons for the increase is related to State Revenue. The MPSERS one-time payment and the updated calculation for Special Education Sections 51a and 51e caused an increase of $253,149. Other reasons include: increase of yearly taxes, increase in grant monies, and an increase in interest rates.

Special Education Fund Expenditures Budget vs. Actual History

Fiscal Year	Expenditures and Other Financing Uses Original Budget	Expenditures and Other Financing Uses Final Budget	Expenditures and Other Financing Uses Final Actual	Variance Actual vs. Final Budget
2021-2022	$ 4,135,048	$ 4,195,842	$ 4,051,265	$ 144,577
2022-2023	4,140,019	4,344,720	4,316,758	27,962

The District's budget for expenditures changed as follows during the year:

Total Expenditures Original Budget and Other Financing Uses	$ 4,140,019	
Total Expenditures Final Budget and Other Financing Uses	4,344,720	
Increase in Budgeted Expenditures and Other Financing Uses	$ 204,701	4.92%

The final expenditure budget reflects the following changes from the original budget:

The addition to the expense recognition of the MPSERS one-time payment increase expenses by $151,308. The final budget also reflects the known salary increases that the original did not anticipate. With the increase of revenue from grant monies, there is a correlating increase in expenses related to hiring, professional development, traveling and training that was not allowed during the COVID shut down.

Governmental Fund Revenues:

Below is a summary of the governmental revenues and their percentage:

	Total Revenue	Percentage
Local Sources	$ 2,709,618	30.77%
State Sources	4,715,575	53.56%
Federal Sources	1,216,357	13.82%
Interdistrict and Other Sources	163,288	1.85%
Total Revenues	$ 8,804,848	100.0%

Governmental Fund Expenditures:

Below is a summary of the governmental fund expenditures and their percentage as they relate to governmental funds:

	Total Expenditures	Percentage
General Fund	$ 4,563,949	53,16%
Special Education Fund	4,021,985	46.84%
Total Expenditures	$ 8,585,934	100.0%

Operating Grants Federal, State and Local:

The primary operating sources are federal IDEA funds for Special Education and competitive awards of federal grants for the general education fund.

In addition, other restricted state funds are included in this category. These restricted grant funds are to be used specifically in accordance with program budget goals and objectives. We act as a fiscal agent for a portion of these funds distributing the resources to other governmental units. If unexpended, these funds must be returned to the State of Michigan or funding source. Local operating funds are property tax revenues and contributions by local area business foundations and private sector companies for specific purposes.

Property Taxes:

The District levied 2.2048 mills of property taxes on all property located within the District. The General Fund levy was .3672 mills and the special education levy was 1.8376 mills. The levy is assessed on the taxable value of both homestead and non-homestead property. The State of Michigan's tax commission establishes an inflation factor each year that taxable value is allowed to increase. These levies are subject to Headlee rollback provisions if the taxable value increases more than the inflation rate. The District had their allocated millage "rolled back" from 2.2246 mills to 2.2048 mills. The original levy consisted of .40 mills for general education and 2.0 mills for special education. Only the constituent voters of the District by electoral vote can restore the original allocated 2.2437 mills. The 2022-2023 taxable value of the property located within the District as revised and reported by the county treasurer generated $305,522 for the general fund and $1,533,817 for the special education fund for a district-wide total of $1,839,339.

Charges for Services:

These are funds received from local educational agencies located within the intermediate school district boundaries. The primary responsibility of any intermediate school district is providing services for all districts within its boundaries more economically than each could provide individually. Due to restructuring within the school districts, many of the districts were unable to provide services within economic means in the 2022-2023 school year.

Unrestricted State Aid:

The District receives state aid based on formula calculations for items approved by the legislature under the State School Aid Act, frequently referred to as categorical funds or sections. Each section of the State School Aid Act has criteria for award. In the general fund, the major award to the district is restricted state aid, generated from section 11, grant 31N of the School Aid Act of 1979. These funds are to add licensed behavioral health providers for general education pupils, and shall continue to seek federal Medicaid match funding for all eligible mental health and support services. In the special education fund, the major state aids area based upon the current year allowable special education costs at 28.6138% plus transportation costs at 70.4165%. School Districts and the ISD's are reimbursed for both the required percentage of Special Education costs and 75% of the foundation allowance for Special Education pupils. The State revenues are guaranteed at the 1996-1997 levels of funding for special education due to the Durant funding court settlement.

ENROLLMENT

The District's blended enrollment count history is as follows:

- 2022-2023 blended enrollment count history 12.35 students.
- 2021-2022 blended enrollment count totaled 13.62 students.
- 2020-2021 blended enrollment count totaled 16.03 students.
- 2019-2020 blended enrollment count totaled 16.76 students.
- 2018-2019 blended enrollment count totaled 13.88 students.
- 2017-2018 blended enrollment count totaled 12.93 students.
- 2016-2017 blended enrollment count totaled 12.85 students.
- 2015-2016 blended enrollment count totaled 13.84 students.
- 2014-2015 blended enrollment count totaled 20.52 students.

Menominee County Intermediate School District's enrollment is generated from students attending the classrooms for students with cognitive impairments, moderate cognitive impairments and early childhood special education programs operated in the special education budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets:

At the end of the fiscal year 2023, the District had $1,169,255 invested in land, buildings and building improvements, furniture and equipment, and vehicles. Of this amount $614,475 has been depreciated. Net book value of all District capital assets totals $554,780.

Outstanding Debt at Year-end:

Unused vested employee benefits consist of the accrued liability for sick pay. The following summarizes the accrued liability for sick pay by year:

	Total unused vested employee benefits
2021-2022	$ 106,848
2022-2023	137,291

The total pension liability summarized by year:

	Total Pension Liability
2021-2022	$ 6,991,989
2022-2023	11,541,905

The total OPEB liability summarized by year:

	Total OPEB Liability
2021-2022	$ 477,796
2022-2023	649,829

Economic Factors and Next Year's Budgets and Rates

The board and administration consider many factors when setting the District's 2023-2024 fiscal year budgets. The 2024 budget was adopted in June 2023.

Since the District's revenue is dependent on state categorical funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts.

Health care costs continue to weigh heavily upon school districts in Michigan. The District has taken steps to slow the growth of health care costs by selecting adequate and competitive health care plans with deductibles and increased prescription and office co-pays. The District has also joined a consortium within the state of Michigan in an attempt to lower health care cost.

The overall financial position of the District at June 30, 2023 remains sound; however, the District will have to continue to evaluate the use of fund equity in balancing the budget. In the future, the fund balances of both the general fund and special education fund may be reduced because of decreased State and Federal appropriations.

Contacting the District's Financial Management

This report is designed to give an overview of the financial conditions of the Menominee County Intermediate School District. If you have questions about this report or need additional information, contact the Business Office, Menominee County Intermediate School District.

BASIC FINANCIAL STATEMENTS

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MENOMINEE COUNTY INTERMEDIATE SCHOOL DISTRICT

District-Wide Statement of Net Position (Deficit)

As of June 30, 2023

	Governmental Activities
ASSETS	
Current Assets:	
Cash	$ 3,686,144
Investments	484,785
Accounts Receivable	59,925
Due from Other Governments	2,184,087
Prepaids Items	4,237
Total Current Assets	6,419,178
Noncurrent Assets:	
Land	10,000
Construction in Progress	74,643
Buildings and Improvements	697,993
Furniture and Equipment	12,422
Vehicles	374,197
Less: Accumulated Depreciation	(614,475)
Total Noncurrent Assets	554,780
TOTAL ASSETS	6,973,958
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources Related to Other Post-Employment Benefits	1,050,044
Deferred Outflows of Resources Related to Pension	3,796,713
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,846,757
LIABILITIES	
Current Liabilities:	
Accounts Payable	204,020
Accrued Liabilities	313,147
Due from Other Governments	15,187
Current Portion of Long-Term Obligations	12,905
Unearned Revenues	2,477,538
Total Current Liabilities	3,022,797
Noncurrent Liabilities:	
Net Pension Liability - MPSERS	11,541,905
Other Post-Employment Benefits	649,829
Noncurrent Portion of Long-Term Obligations	124,386
Total Noncurrent Liabilities	12,316,120
TOTAL LIABILITIES	15,338,917
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources Related to Other Post-Employment Benefits	1,441,579
Deferred Inflows of Resources Related to Pension	628,853
TOTAL DEFERRED INFLOWS OF RESOURCES	2,070,432
NET POSITION (DEFICIT)	
Investment in Capital Assets	554,780
Restricted for Special Education Program	2,190,396
Unrestricted (Deficit)	(8,333,810)
TOTAL NET POSITION (DEFICIT)	$ (5,588,634)

See Accompanying Notes

MENOMINEE COUNTY INTERMEDIATE SCHOOL DISTRICT

District-Wide Statement of Activities

For the Year Ended June 30, 2023

		Program Revenues		Net (Expenses) Revenues
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Total Governmental Activities
GOVERNMENTAL ACTIVITIES				
Instruction	$ 662,472	$ -	$ 800,434	$ 137,962
Support Services	7,126,342	96,651	5,713,822	(1,315,869)
Interdistrict Payments	813,615	-	-	(813,615)
Depreciation - Unallocated	52,473	-	-	(52,473)
Total Governmental Activities	$ 8,654,902	$ 96,651	$ 6,514,256	(2,043,995)
GENERAL REVENUES				
Property Taxes, Levied for General Operations				1,839,339
State of Michigan Aid, Unrestricted				218,591
Interest on Investments				117,944
Gain on Sale of Assets				1,000
Miscellaneous				1,096
Total General Revenues				2,177,970
CHANGE IN NET DEFICIT				133,975
NET DEFICIT - BEGINNING OF YEAR				(5,722,609)
NET DEFICIT - END OF YEAR				$ (5,588,634)

MENOMINEE COUNTY INTERMEDIATE SCHOOL DISTRICT

Balance Sheet
Governmental Funds
As of June 30, 2023

	General Fund	Special Education Fund	Total Governmental Funds
ASSETS			
Cash	$ 2,577,508	$ 1,108,636	$ 3,686,144
Investments	193,914	290,871	484,785
Accounts Receivable	59,687	238	59,925
Due from Other Governments	872,103	1,311,984	2,184,087
Prepaid Items	4,237	-	4,237
TOTAL ASSETS	$ 3,707,449	$ 2,711,729	$ 6,419,178
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	$ 76,390	$ 127,630	$ 204,020
Accrued Liabilities	800	312,347	313,147
Due to Other Government	15,187	-	15,187
Unearned Revenues	2,396,182	81,356	2,477,538
Total Liabilities	2,488,559	521,333	3,009,892
Fund Balances:			
Nonspendable			
Prepaid Items	4,237	-	4,237
Restricted			
Special Education Program	-	2,190,396	2,190,396
Unassigned	1,214,653	-	1,214,653
Total Fund Balances	1,218,890	2,190,396	3,409,286
TOTAL LIABILITIES AND FUND BALANCES	$ 3,707,449	$ 2,711,729	$ 6,419,178

MENOMINEE COUNTY INTERMEDIATE SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds to the District-Wide
Statement of Net Position (Deficit)
As of June 30, 2023

Total Fund Balances - Governmental Funds		$ 3,409,286
Total net position (deficit) reported for governmental activities in the statement of net position (deficit) is different from the amount reported above as total governmental funds fund balance because:		
Capital assets used in governmental activities are not financial resources and are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position (deficit):		
Capital Assets	$ 1,169,255	
Accumulated Depreciation	(614,475)	554,780
The District's proportionate share of the Michigan Public School Employees Retirement Plan is not an available financial resource; therefore, it is not reported in the fund financial statements.		
Deferred Outflows of Resources Related to Pension	3,796,713	
Deferred Inflows of Resources Related to Pension	(628,853)	3,167,860
The District's proportionate share of the Michigan Public School Employees Other Post-Employment Benefit Plan is not an available financial resource; therefore, it is not reported in the fund financial statements.		
Deferred Outflows of Resources Related to Other Post-Employment Benefits	1,050,044	
Deferred Inflows of Resources Related to Other Post-Employment Benefits	(1,441,579)	(391,535)
Certain liabilities are not due and payable in the current period and are not reported in the fund statements. Liabilities reported in the statement of net position (deficit) that are not reported in the balance sheet:		
Net Pension Liability - MPSERS	(11,541,905)	
Other Post-Employment Benefits	(649,829)	
Compensated Absences	(137,291)	(12,329,025)
Total Net Position (Deficit) - Governmental Activities		$ (5,588,634)

MENOMINEE COUNTY INTERMEDIATE SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2023

	General Fund	Special Education Fund	Total Governmental Funds
REVENUES			
Local Sources	$ 804,261	$ 1,905,367	$ 2,709,628
State Sources	3,229,173	1,486,402	4,715,575
Federal Sources	219,238	997,119	1,216,357
Interdistrict and Other Sources	163,288	-	163,288
Total Revenues	4,415,960	4,388,888	8,804,848
EXPENDITURES			
Current:			
Instruction	-	1,123,519	1,123,519
Support Services	3,247,185	2,874,315	6,121,500
Interdistrict Payments	1,316,764	24,151	1,340,915
Total Expenditures	4,563,949	4,021,985	8,585,934
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(147,989)	366,903	146,367
OTHER FINANCING SOURCE (USE)			
Transfer In	294,773	-	294,773
Transfer Out	-	(294,773)	(294,773)
Total Other Financing Source (Use)	294,773	(294,773)	-
NET CHANGES IN FUND BALANCES	146,784	72,130	218,914
FUND BALANCES - BEGINNING OF YEAR	1,072,106	2,118,266	3,190,372
FUND BALANCES - END OF YEAR	$ 1,218,890	$ 2,190,396	$ 3,409,286

See Accompanying Notes

MENOMINEE COUNTY INTERMEDIATE SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds to the District-Wide Statement of Activities
For the Year Ended June 30, 2023

Net Changes in Fund Balances - Total Governmental Funds		$ 218,914
Amounts reported for governmental activities in the statement of activities are different because:		
The acquisition of capital assets is reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position (deficit) and allocated over their estimated useful lives as annual depreciation expense in the statement of activities:		
Capital outlay reported in governmental fund statements	$ 96,097	
Depreciation expense reported in the statement of activities	(52,473)	
Amount by which capital outlays are more than depreciation in the current period.		43,624
Change in amounts related to the pension plan that affect the statement of activities but do not affect the fund financial statements.		(453,058)
Change in amounts related to the other post-employment benefit plan that affect the statement of activities but do not affect the fund financial statements.		354,938
Vested employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year.		
Compensated absences paid in the current year	189	
Compensated absences earned in the current year	(30,632)	
Amounts paid are less than amounts earned by		(30,443)
Change in Net Deficit - Governmental Activities		$ 133,975

Note 1 - Summary of Significant Accounting Policies

This summary of significant accounting policies of Menominee County Intermediate School District (District) is presented to assist in understanding the District's financial statements. The financial statements and notes are representations of the District's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and have been consistently applied in the preparation of the financial statements.

The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

Nature of Operations

The District is governed by a five-member elected school board and is comprised of fifteen taxing districts.

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity nor does it have any component units.

The financial reporting entity consists of (a) organizations for which the stand-alone government is financially accountable and (b) the stand-alone government that is controlled by a separately elected governing body that is legally separate and is fiscally independent. All of the accounts of the District comprise the stand-alone government.

District-Wide Statements

The district-wide financial statements present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include (1) charges paid by the recipients for goods or services offered by the programs and (2) operating grants and contributions. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

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

Fund financial statements of the reporting entity are organized into individual funds each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund balances, revenues, and expenditures.

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Financial Statements (Continued)

Funds are organized as major funds or non-major funds within the governmental statements. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

a. Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type and

b. The same element that met the 10 percent criterion in (a) is at least 5 percent of the corresponding element total for all funds combined.

c. In addition, any other governmental fund that the District believes is particularly important to financial statement users may be reported as a major fund.

Governmental Funds

Governmental funds are identified as either general or special revenue based upon the following guidelines:

General Fund

The general fund is the primary operating fund of the District and is always classified as a major fund. 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 proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Major Funds

The District reports the following major governmental funds:

General Fund - The General Fund is the operating fund of the District. It is used to account for all financial resources of the District except those required to be accounted for in other funds.

Special Education Fund - This fund accounts for activities associated with providing educational programs for students with disabilities. Sources include financial aid received from the state and federal government and payments from other school districts.

Note 1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial report.

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred except for claims and judgments and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

Cash and Investments

The District's cash is considered to be cash on hand, demand deposits, and short-term investments and is carried at cost. Cash balances for individual funds are pooled unless maintained in segregated accounts.

State statutes and the District's investment policy authorize the District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan; the District is allowed to invest in U.S. Treasury or Agency obligations, U.S. Government repurchases agreements, bankers' acceptances, commercial paper rated prime at the time of purchases which mature not more than 270 days after the date of purchase, mutual funds and investment pools that are composed of authorized investment vehicles. The District's deposits are in accordance with statutory authority.

Donations to the District of securities or other property are considered trust funds and are invested as the donor specifies. In the absence of any specific directions, the District may invest the donated items in accordance with laws applicable to trust investments.

Note 1 - Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable in the governmental funds are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material.

Property Taxes

Property taxes are assessed as of December 31 and attach as an enforceable lien on property on July 1 and December 1 of the following year. These taxes are due on September 14 and February 14, respectively, with the final collection date of February 28 before they are added to the delinquent tax rolls.

On or before June 30, the County Treasurer makes full settlement to the District for any remaining real property tax balance. The County assumes all responsibility for delinquent real property taxes. Taxes are recorded as revenue in the year levied. Taxes receivable are recorded for property taxes collected within 60 days of year end, if any. Uncollected delinquent personal property taxes are written off after three years.

Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either “due to/from other funds” (i.e. the current portion of interfund loans) or “advances to/from other funds” (i.e. the noncurrent portion of interfund loans).

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures. Reimbursements are when one fund incurs a cost, charges the appropriate benefitting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Capital Assets

Capital assets are reported at actual or estimated historical cost, based on appraisals conducted by an independent third-party professional appraisal firm, if used. Donated assets are reported at estimated acquisition value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the district-wide statements are as follows: buildings and building improvements, vehicles and furniture and equipment are capitalized using a capitalization threshold of $5,000. All depreciable capital assets are depreciated on a straight-line basis with estimated useful lives for buildings and building improvements of 20-50 years, vehicles of 5-20 years, and furniture and equipment of 5-20 years.

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over their estimated useful lives.

Subscriptions-Based Information Technology Agreements

The District adopted GASB Statement No. 96 for the year ended June 30, 2023, which requires recognition in the financial statements of certain subscription-based information technology agreements (SBITAS). A SBITA is any contract conveying control of the right to use another party’s information technology software. This statement requires the District to report a right-to-use subscription asset and corresponding subscription liability for any SBITAs. There were no material SBITAs that were required to be recorded for the year ended June 30, 2023.

Note 1 - Summary of Significant Accounting Policies (Continued)

Unearned Revenues

The District reports unearned revenues on its statement of net position (deficit) and balance sheet. Unearned revenues arise when resources are received before the District has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when revenue recognition criteria is met, or when the District has a legal claim to the resources, the liability for unearned revenues is removed from the statement of net position (deficit) and the balance sheet and revenue is recognized.

Long-Term Obligations

In the district-wide financial statements, net pension liability, net OPEB liability and compensated absences are reported in the statement of net position (deficit). In the fund financial statements, an expenditure for these amounts is reported in the governmental funds as it comes due for payment. Payments on long-term obligations are reported as an expenditure in the fund financial statements and as a reduction of the liability in the district-wide statement of net position (deficit).

Pensions

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (MPSERS), and additions to/deductions from MPSERS fiduciary net position has been determined on the same basis as they are reported by MPSERS. MPSERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expense when due and payable in accordance with the plan benefit terms. Related plan investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB)

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

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position (deficit) reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position (deficit) that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense) until then. The District reports deferred outflows of resources related to pensions and other post-employment benefits in the statement of net position (deficit). A detailed list of these items can be found in notes 7 and 8.

In addition to liabilities, statement of net position (deficit) reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position (deficit) that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until then. The District reports deferred inflows of resources related to pension and other post-employment benefits in the statement of net position (deficit). A detailed list of these items can be found in notes 7 and 8.

Note 1 - Summary of Significant Accounting Policies (Continued)

Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with available expendable financial resources are recorded during the year as expenditures in the appropriate governmental fund types. If they are not liquidated with available expendable financial resources, a liability is recorded in the district-wide statement of net position (deficit). The related expenditure is recognized when the liability is liquidated. There were no significant claims or judgments at year-end.

Fund Equity Designations

District-Wide Statements

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

- Investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation.
- Restricted component of net position - Consists of resources 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 or enabling legislation.
- Unrestricted component of net position (deficit) - Net amount that does not meet the definition of “restricted” or “investment in capital assets.”

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

Fund Financial Statements

Fund balance is classified as either 1) nonspendable, 2) restricted, 3) committed, 4) assigned, or 5) unassigned.

Nonspendable fund balance represents amounts that cannot be spent due to form (such as inventories and prepaid amounts) or amounts that must be maintained intact legally or contractually (such as the principal of a permanent fund).

Restricted fund balance represents amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation.

Committed fund balance represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority. It would require action by the same group to remove or change the constraints placed on the resources. The action to constrain resources must occur prior to year-end; however, the amount can be determined in the subsequent period. The school board is the decision-making authority that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance.

Assigned fund balance, in the general fund, represents amounts constrained by the school board for a specific intended purpose. The District has not delegated that authority to others. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance.

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Equity Designations (Continued)

Unassigned fund balance represents amounts not classified as nonspendable, restricted, committed or assigned. The general fund is the only fund that would report a positive amount in the unassigned fund balance.

The District, unless otherwise required by law or agreements, spends funds in the following order: restricted first, then committed, then assigned, and lastly unassigned.

The District has not adopted a minimum fund balance policy.

Use of Estimates

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

Note 2 - Cash and Investments

The District is required to invest its funds in accordance with Michigan School Code Section 380.1223. Allowable investments are as follows:

- Bonds, bills or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the state. In a primary or fourth-class school district, the bonds, bills, or notes shall be payable, at the option of the holder, upon not more than 90 days' notice, or if not so payable, shall have maturity dates not more than 5 years after the purchase dates.
- Certificates of deposit issued by a financial institution or share certificates of a state or federal credit union that is a financial institution.
- Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
- Securities issued or guaranteed by agencies or instrumentalities of the United States government.
- United States government or federal agency obligation repurchase agreements.
- Bankers' acceptances issued by a bank that is a member of the federal deposit insurance corporation.
- Mutual funds composed entirely of investment vehicles that are legal for direct investment by a school district.
- Investment pools, as authorized by the surplus funds investment pool act, 1982 PA 367, MCL 129.111 to 129.118, composed entirely of instruments that are legal for direct investment by a school district.

At June 30, 2023 the bank balance of cash was $3,807,490. The District maintains its cash accounts at one financial institution. Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned to the District. The District's financial institution utilizes a program through Intra-Fi Deposits whereby those deposits obtain full FDIC insurance.

Deposits in each bank are insured by the FDIC up to $250,000 for the combined amounts of all time and savings accounts (including NOW accounts) and up to $250,000 for the combined amount of all interest and non-interest-bearing demand deposit accounts.

Note 2 - Cash and Investments (Continued)

The following represents a summary of deposits as of June 30, 2023:

Fully Insured Deposits	$	3,801,530
Uninsured		5,960
Total	$	3,807,490

The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit at June 30, 2023.

The District invests its deposits in the Michigan Liquid Asset Fund (MILAF). MILAF is an external investment pool which is recorded at amortized cost, which approximates fair value. MILAF is not registered with the SEC and the fair value of the District's investments in MILAF is the same as the value of the pool shares.

There are no limitations or restrictions on participant withdrawals for investment pools that are recorded at amortized cost, except for one-day minimum investment period on MILAF cash management funds and a 14-day redemption limitation on MILAF MAX Class funds. The District has $484,785 in these funds at June 30, 2023.

Custodial Credit Risk - Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the District may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District minimizes custodial credit risk by limiting investments to the types of securities allowed by law.

Credit Risk - State law limits investments as detailed above. The District's investment policy does not further limit its investment choices.

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

Concentration of Credit Risk - The District's investment policy places no restrictions on the amount or percentage that may be invested in any one type of security.

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

Note 3 - Interfund Transfer

Interfund transfer for the year ended June 30, 2023 consisted of the following:

Transfer To:	Transfer from: Special Education Fund	Purpose
General Fund	$ 294,773	To pay for administrative costs

Note 4 - Capital Assets

Capital asset balances and activity for the year ended June 30, 2023 were as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital Assets not being Depreciated:				
Construction in Progress	$ -	$ 74,643	$ -	$ 74,643
Land	10,000	-	-	10,000
Total Capital Assets Not Being Depreciated	10,000	74,643	-	84,643
Capital Assets Being Depreciated				
Buildings and Improvements	697,993	-	-	697,993
Furniture and Equipment	12,422	-	-	12,422
Vehicles	427,693	21,454	74,950	374,197
Total Capital Assets Being Depreciated	1,138,108	21,454	74,950	1,084,612
Less Accumulated Depreciation for:				
Buildings and Improvements	(367,049)	(13,359)	-	(380,408)
Furniture and Equipment	(12,422)	-	-	(12,422)
Vehicles	(257,481)	(39,114)	(74,950)	(221,645)
Total Accumulated Depreciation	(636,952)	(52,473)	(74,950)	(614,475)
Total Capital Assets Being Depreciated, Net of Depreciation	501,156	(31,019)	-	470,137
Governmental Activities Capital Assets, Net of Accumulated Depreciation	$ 511,156	$ 43,624	$ -	$ 554,780

Depreciation expense for fiscal year ended June 30, 2023 amounted to $52,473. Depreciation expense was not charged to activities as the District considers its assets to impact multiple activities and allocation is not practical.

Note 5 - Unearned Revenues

The following is a summary of unearned revenues as of June 30, 2023:

	General Fund	Special Education Fund	Total
GSC	$ 5,964	$ -	$ 5,964
GSRP	9,431	-	9,431
Early Literature	102,759	-	102,759
MI School Data	3,806	-	3,806
Imagination Library	34,562	-	34,562
HYC	188,272	-	188,272
Innovative Community Libraries	125,000	-	125,000
Hannahville Grant	2,400	-	2,400
Community/Parent Coalition	8,805	-	8,805
Child Safety	2,500	-	2,500
Mental Health	1,892,543	-	1,892,543
UW-CTC Projects & Programs	20,140	-	20,140
State Aid 54d Early On	-	81,356	81,356
Total Unearned Revenues	$ 2,396,182	$ 81,356	$ 2,477,538

Note 6 - Long-Term Obligations

The following is a summary of changes in long-term obligations of the District for the year ended June 30, 2023:

	Balance 7/1/2022	Increase	Decrease	Balance 6/30/2023	Due Within One Year
Governmental Activities					
Compensated Absences	$ 106,848	$ 30,632	$ 189	$ 137,291	$ 12,905

Note 7 - Defined Benefit Pension Plan

General Information about the Plan

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

The System’s 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).

Note 7 - Defined Benefit Pension Plan (Continued)

General Information about the Plan (Continued)

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System. The System's financial statements are available on the ORS website at www.michigan.gov/orsschools.

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 September 30, 2021 valuation will be amortized over a 17-year period beginning October 1, 2021 and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for fiscal year ended September 30, 2022.

Pension Contribution Rates

Benefit Structure	Member	Employer
Basic	0.0 - 4.0%	19.41%
Member Investment Plan	3.0 - 7.0%	19.41%
Pension Plus	3.0 - 6.4%	16.46%
Pension Plus 2	6.20%	19.59%
Defined Contribution	0.00%	13.39%

During the pension plan's fiscal year ended September 30, 2022, MPSERS recognized $1,044,542 in contributions from the District.

Note 7 - Defined Benefit Pension Plan (Continued)

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

At June 30, 2023, the District reported a liability of $11,541,905 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2021. The District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2022, the District's proportion was 0.0306894%, which was an increase of 0.0011567% from its proportion measured as of September 30, 2021.

For the year ended June 30, 2023, the District recognized total pension expense of $1,620,038.

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between actual and expected experience	$ 115,459	$ 25,806	$ 89,653
Changes of Assumptions	1,983,313	-	1,983,313
Net difference between projected and actual earnings on pension plan investments	27,066	-	27,066
Changes in proportion and differences between District contributions and proportionate share of contributions	750,054	70,658	679,396
	2,875,892	96,464	2,779,428
District 147c MPSERS UAAL Stablization payments received subsequent to measurement date, directly contributed to MPSERS	532,389	532,389	-
District contributions subsequent to the measurement date	388,432	-	388,432
Total	$ 3,796,713	$ 628,853	$ 3,167,860

Note 7 - Defined Benefit Pension Plan (Continued)

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

The $388,432 reported as deferred outflows related to pension resulting from the MPSERS employer contributions subsequent to the measurement date will be recognized as reduction of the net pension liability in the year ending June 30, 2024 by the District. The $532,389 reported as deferred outflows and inflows related to the pension resulting from State Aid payments (147c) received subsequent to the measurement date will be recognized as revenue and expense in the year ending June 30, 2024 by the District. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

District's Fiscal Year Ending June 30,	Outflows (Inflows) of Resources
2024	$ 825,491
2025	713,357
2026	547,279
2027	693,301
Total	$ 2,779,428

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

The total pension liability in the measurement date of September 30, 2022 was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Valuation Date:	September 30, 2021
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return	
- MIP and Basic Plans :	6.00%
- Pension Plus Plan :	6.00%
- Pension Plus 2 Plan:	6.00%
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: RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Active Members: P-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Note 7 - Defined Benefit Pension Plan (Continued)

Notes

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by MPSERS for use in the annual pension valuations beginning with the September 30, 2018 valuation. The total pension liability as of September 30, 2022, is based on the results of an actuarial valuation with a measurement date of September 30, 2021, 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: 4.3922 for the District.

Recognition period for assets in years is 5.

Full actuarial assumptions are available in the 2022 MPSERS Comprehensive Annual Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Return of Plan Assets - The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return *
Domestic Equity Pools	25.0 %	5.1 %
Private Equity Pools	16.0	8.7
International Equity Pools	15.0	6.7
Fixed Income Pools	13.0	-0.2
Real Estate and Infrastructure Pools	10.0	5.3
Absolute Return Pools	9.0	2.7
Real Return and Opportunistic Pools	10.0	5.8
Short-Term Investment Pools	2.0	-0.5
	100.0 %	

*Long-term rates of return are net of administrative expenses and 2.2% inflation

Rate of Return - For the fiscal year ended September 30, 2022, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was (4.18%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 7 - Defined Benefit Pension 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). 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 and 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 Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability, calculated using the discount rate of 6.00% (6.00% for the Pension Plus Plan, 6.00% for the Pension Plus 2 Plan), as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
$ 15,231,027	$ 11,541,905	$ 8,501,903

Timing of the Valuation - An actuarial valuation to determine the total pension liability is required to be performed every year. If the actuarial valuation is not calculated as of the plan's fiscal year end, the total pension liability is required to be rolled forward from the actuarial valuation date to the pension plan's fiscal year end.

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

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS ACFR, available on the ORS website at www.michigan.gov/orsschools.

Payables to the Michigan Public School Employees' Retirement System (MPSERS)

The District reported a payable of $4,949 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

Note 8 - Post-Employment Benefits Other Than Pensions (OPEB)

General Information about the Plan

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

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

Note 8 - Post-Employment Benefits Other Than Pensions (OPEB) (Continued)

General Information about the Plan (Continued)

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 of the System.

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

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 OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2021 valuation date will be amortized over a 17-year period beginning October 1, 2021 and ending September 30, 2038.

Note 8 - Post-Employment Benefits Other Than Pensions (OPEB) (Continued)

General Information about the Plan (Continued)

The schedule below summarizes OPEB contribution rates in effect for the fiscal year ended September 30, 2022.

OPEB Contribution Rates

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

Required contributions to the OPEB plan from the District were $233,703 for the year ended September 30, 2022.

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

At June 30, 2023, the District reported a liability of $649,829 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 30, 2021. The District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2022, the District's proportion was 0.03068037 percent, which was a decrease of 0.00062047 percent from its proportion measured as of October 1, 2021.

For the year ending June 30, 2023, the District recognized a reduction of OPEB expense of $208,249.

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between actual and expected experience	$ -	$ 1,272,767	$ (1,272,767)
Changes of Assumptions	579,214	47,163	532,051
Net difference between projected and actual earnings on OPEB plan investments	50,789	-	50,789
Changes in proportion and differences between District contributions and proportionate share of contributions	294,162	121,649	172,513
District contributions subsequent to measurement date	125,879	-	125,879
Total	$ 1,050,044	$ 1,441,579	$ (391,535)

Note 8 - Post-Employment Benefits Other Than Pensions (OPEB) (Continued)

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

The $125,879 reported as contributions subsequent to the measurement date of the plan are related to OPEB contributions from the employer prior to the fiscal year end. Therefore, this will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Net Deferred Outflows (Inflows) of Resources
2024	$ (211,433)
2025	(186,396)
2026	(129,235)
2027	22,924
2028	(12,030)
Thereafter	(1,244)
Total	$ (517,414)

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:

Valuation Date:	September 30, 2021
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return	6.00%
Projected Salary Increases:	2.75-11.55% including wage inflation at 2.75%
Healthcare Cost Trend Rate:	7.5% Year 1 graded to 3.5% Year 15

Mortality Retirees: RP-2014 Male and Female Health Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Active Members: RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

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 8 - Post-Employment Benefits Other Than Pensions (OPEB) (Continued)

Survivor Coverage - 80% of male retirees and 67% of female retires are assumed to have coverage 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 2012 through 2017 have been adopted by the System for use in the annual OPEB valuations beginning with the September 30, 2018 valuation. The total OPEB liability as of September 30, 2022, is based on the results of an actuarial valuation date of September 30, 2021, 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 is 6.2250.

Recognition period for assets in years is 5.

Full actuarial assumptions are available in the 2022 MPSERS Comprehensive Annual Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets - The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return *
Domestic Equity Pools	25.0 %	5.1 %
Private Equity Pools	16.0	8.7
International Equity Pools	15.0	6.7
Fixed Income Pools	13.0	-0.2
Real Estate and Infrastructure Pools	10.0	5.3
Absolute Return Pools	9.0	2.7
Real Return and Opportunistic Pools	10.0	5.8
Short-Term Investment Pools	2.0	-0.5
	100.0 %	

*Long-term rates of return are net of administrative expenses and 2.2% inflation.

Rate of Return - For the fiscal year ended September 30, 2022, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 4.99%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 8 - Post-Employment Benefits Other Than Pensions (OPEB) (Continued)

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 District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 6.00%, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
$ 1,090,026	$ 649,829	$ 279,129

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Healthcare Cost Trend rate - The following presents the District's proportionate share of the net OPEB liability calculated using assumed trend rates, as well as what the District's proportionate share of net OPEB liability would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease 6.5%	Current Healthcare Cost Trend Rate 7.5%	1% Increase 8.5%
$ 272,118	$ 649,829	$ 1,073,819

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2022 MPSERS ACFR, available on the ORS website at www.michigan.gov/orsschools.

Payables to the OPEB Plan

The District reported a payable of $2,567 for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2023.

Note 9 - Risk Management

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

Note 9 - Risk Management (Continued)

The shared-risk pool program in which the District participates operates as a common risk-sharing management program for school districts in Michigan. Member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts. The pool does not maintain separate funds for members and consequently the District's share of the total assets and total equity is unknown.

Note 10 - Contingencies

The District received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to request for reimbursement to the grantor agency for expenditures disallowed under terms of the grants. The District believes such disallowances, if any, would be immaterial.

From time to time the District is involved in legal actions and claims, most of which normally occur in governmental operations. In the opinion of District management, these issues, and any other proceedings known to exist at June 30, 2023, are not likely to have a material impact on the District's financial position.

REQUIRED SUPPLEMENTARY INFORMATION

MENOMINEE COUNTY INTERMEDIATE SCHOOL DISTRICT

Schedule of Budgetary Comparison

General Fund

For the Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
REVENUES				
Local Sources	$ 509,733	$ 810,183	$ 804,261	$ (5,922)
State Sources	2,736,701	3,020,749	2,961,316	(59,433)
Federal Sources	150,000	490,621	487,095	(3,526)
Interdistrict and Other Sources	167,302	103,313	163,288	59,975
Total Revenues	3,563,736	4,424,866	4,415,960	(8,906)
EXPENDITURES				
Support Services	2,954,482	3,701,221	3,247,185	454,036
Interdistrict Payments	893,750	918,424	1,316,764	(398,340)
Total Expenditures	3,848,232	4,619,645	4,563,949	55,696
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(284,496)	(194,779)	(147,989)	46,790
OTHER FINANCING SOURCE				
Transfer In	323,218	294,773	294,773	-
NET CHANGE IN FUND BALANCE	38,722	99,994	146,784	46,790
FUND BALANCE - BEGINNING	1,072,106	1,072,106	1,072,106	-
FUND BALANCE - ENDING	$ 1,110,828	$ 1,172,100	$ 1,218,890	$ 46,790

MENOMINEE COUNTY INTERMEDIATE SCHOOL DISTRICT

Schedule of Budgetary Comparison

Special Education Fund

For the Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
REVENUES				
Local Sources	$ 1,785,217	$ 1,900,666	$ 1,905,367	$ 4,701
State Sources	1,188,983	1,486,402	1,486,402	-
Federal Sources	996,180	1,014,433	997,119	(17,314)
Total Revenues	3,970,380	4,401,501	4,388,888	(12,613)
EXPENDITURES				
Instructional Services	1,105,651	1,152,683	1,123,519	29,164
Support Services	2,674,538	2,872,323	2,874,315	(1,992)
Interdistrict Payments	36,612	24,941	24,151	790
Total Expenditures	3,816,801	4,049,947	4,021,985	27,962
EXCESS OF REVENUES OVER EXPENDITURES	153,579	351,554	366,903	15,349
OTHER FINANCING SOURCE (USE)				
Sale of Capital Assets	-	1,000	-	(1,000)
Transfer Out	(323,218)	(294,773)	(294,773)	-
Total Other Financing Source (Use)	(323,218)	(293,773)	(294,773)	(1,000)
NET CHANGE IN FUND BALANCE	(169,639)	57,781	72,130	14,349
FUND BALANCE - BEGINNING	2,118,266	2,118,266	2,118,266	-
FUND BALANCE - ENDING	$ 1,948,627	$ 2,176,047	$ 2,190,396	$ 14,349

See Notes to Schedules of Budgetary Comparison

Budgets and Budgetary Accounting

Operating budgets are adopted each fiscal year for all governmental funds using the budgetary accounting format prescribed by the Michigan Department of Education. Reported budget amounts are as originally adopted or as amended by School Board resolution.

The District follows these procedures in establishing the budgetary data reflected in the budgetary comparison schedules:

a. Based upon requests from district staff, district administration recommends budget proposals to the school board.

b. The school board prepares a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.

c. Pursuant to a public budget hearing, the school board may make alterations to the proposed budget.

d. Once the school board (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in the amount of the various appropriations and the purposes of such appropriations, unless authorized by a 2/3 vote of the entire school board.

e. Appropriations lapse at year-end unless authorized as a carryover by the school board. The portion of fund balance representing carryover appropriations is reported as a reserved fund balance.

Basis of Accounting

The budget is prepared on the same modified accrual basis of accounting as applied to the governmental funds in the basic financial statements.

Excess of Actual Expenditures Over Budget

The following funds had an excess of actual expenditures over budget for the year ended June 30, 2023:

General Fund		
Interdistrict Payments	$	398,340
Special Education Fund		
Support Services	$	1,992

MENOMINEE COUNTY INTERMEDIATE SCHOOL DISTRICT
Schedule of Employer's Proportionate Share of the Net Pension Liability
Michigan Public School Employees Retirement Plan
Determined as of the Plan Year Ended September 30

MPSERS Fiscal Year End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered-Employee Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
9/30/2022	0.0306894%	$ 11,541,905	$ 3,015,178	382.79%	60.95%
9/30/2021	0.0295327%	6,991,989	2,850,816	245.26%	72.32%
9/30/2020	0.0265786%	9,130,024	2,458,631	371.35%	59.49%
9/30/2019	0.0269258%	8,916,933	2,244,652	397.25%	60.31%
9/30/2018	0.0281233%	8,454,369	2,473,212	341.84%	62.21%
9/30/2017	0.0271658%	7,039,824	2,312,611	304.41%	64.21%
9/30/2016	0.0256772%	6,406,249	2,249,414	284.80%	63.27%
9/30/2015	0.0241002%	5,886,471	2,025,843	290.57%	62.92%

Schedule of Employer Pension Contributions
Michigan Public School Employees Retirement Plan
Determined as of the Year Ended June 30

District Year End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
6/30/2023	$ 1,044,542	$ 1,044,542	$ -	$ 2,969,529	35.18%
6/30/2022	852,061	852,061	-	2,976,636	28.62%
6/30/2021	665,231	665,231	-	2,676,463	24.85%
6/30/2020	607,980	607,980	-	2,430,544	25.01%
6/30/2019	684,391	684,391	-	2,317,941	29.53%
6/30/2018	436,665	436,665	-	2,480,154	17.61%
6/30/2017	415,210	415,210	-	2,239,998	18.54%
6/30/2016	328,329	328,329	-	2,140,768	15.34%

See Notes to Schedules of the Empoyer's Proportionate Share of the Net Pension Liability and Employer Pension Contributions and Employer's Proportionate Share of the Net OPEB Liability and Employer OPEB Contributions

MENOMINEE COUNTY INTERMEDIATE SCHOOL DISTRICT

Schedule of Employer's Proportionate Share of the Net OPEB Liability
Michigan Public School Employees Retirement Plan
Determined as of the Plan Year Ended September 30

MPSERS Fiscal Year End Date (Measurement Date)	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered-Employee Payroll (OPEB)	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
9/30/2022	0.03068037%	$ 649,829	$ 3,015,178	21.55%	83.62%
9/30/2021	0.03130084%	477,796	2,850,816	16.76%	87.87%
9/30/2020	0.02758613%	1,477,863	2,458,631	60.11%	59.76%
9/30/2019	0.02556355%	1,834,887	2,244,652	81.74%	48.46%
9/30/2018	0.02891956%	2,298,802	2,473,212	92.95%	42.95%

Schedule of Employer OPEB Contributions
Michigan Public School Employees Retirement Plan
Determined as of the Year Ended June 30

District Year End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
6/30/2023	$ 233,703	$ 233,703	$ -	$ 2,969,529	7.87%
6/30/2022	232,360	232,360	-	2,976,636	7.81%
6/30/2021	264,557	264,557	-	2,676,463	9.88%
6/30/2020	240,134	240,134	-	2,430,544	9.88%
6/30/2019	322,815	322,815	-	2,317,941	13.93%

See Notes to Schedules of Proportionate Share of the Net Pension Liability and the Employer Pension Contributions and Proportionate Share of Net OPEB Liability and Employer OPEB Contributions

Defined Benefit Pension Plan

Changes of benefit terms. There were no changes of benefit terms for the plan year ended September 30, 2022.

Changes of benefit assumptions. There were no changes of benefit assumptions for the plan year ended September 30, 2022.

Post-Employment Benefits Other Than Pensions

Changes of benefit terms. There were no changes of benefit terms for the plan year ended September 30, 2022.

Changes of assumptions. There were no changes of benefit assumptions for the plan year ended September 30, 2022.

OTHER INFORMATION

MENOMINEE COUNTY INTERMEDIATE SCHOOL DISTRICT

Detailed Budgetary Comparison Schedule - General Fund

For the Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
REVENUES				
Local Sources				
Property Tax	$ 292,476	$ 307,013	$ 307,513	$ 500
GSRP Tuition	9,120	4,240	1,800	(2,440)
Interest Income	500	100,694	107,284	6,590
Other	207,637	398,236	387,664	(10,572)
Total Local Sources	509,733	810,183	804,261	(5,922)
State Sources				
State Aid Section 81	207,786	218,591	218,591	-
State Aid Great Start GSC 32P	120,000	93,712	110,476	16,764
2016 PPT Reimb - Com Stability	14,711	16,724	16,724	-
State Aid Great Start GSC c/o July-Sept	25,000	17,527	17,527	-
State Aid Great Start GSC c/o Oct-June	40,000	26,918	17,527	(9,391)
32P Block Grant GSC	21,498	21,240	21,240	-
State Aid Normal MPSERS 147C(2)	-	158,749	158,749	-
State Aid Normal Cost Offset MPSERS	41,754	37,792	48,614	10,822
State Aid Reforms - Defined Contrib MPSERS	9,787	15,268	20,018	4,750
State Aid UAAL Rate Stabilization	132,813	148,257	148,257	-
State Aid 35a(4) Early Literacy Coach	225,000	210,246	208,765	(1,481)
State Aid 35a(4) Early Literacy Coach c/o	78,826	101,278	-	(101,278)
State Aid Headlee Oblig for Data Collect	365	333	333	-
State Aid Sec 107 Adult Education	849,154	842,406	882,119	39,713
State Aid Sec 107(14)Adult Education Supplement	29,044	16,908	13,200	(3,708)
State Aid Sec. 32d Sch Readiness Oct-Jun	434,806	598,516	587,347	(11,169)
State Aid Sec. 32d Sch Readiness c/o	60,763	52,431	52,431	-
Section 61d CTE Per Pupil Incentive	-	128	128	-
St Aid 95a Educator Evaluation Training	785	335	335	-
ERATES (MERIT) Reimbursement	-	-	2,000	2,000
State Aid Behavioral Health Team Pilot (31n12)	-	2,034	-	(2,034)
State Aid Mental Health and Support Services (31n6)	444,609	430,723	426,302	(4,421)
GSRP Curriculum	-	10,633	10,633	-
Total State Sources	2,736,701	3,020,749	2,961,316	(59,433)
Federal Sources				
Drug Free Community Support Grant	125,000	125,000	124,554	(446)
GSRP Start Up Grant	-	25,000	25,000	-
HRA Grant	-	5,975	18,410	12,435
RTT - Trusted Advisors	25,000	12,997	13,468	471
State Grants	-	50,000	33,386	(16,614)
OER	-	3,792	3,792	-
EBT Pandemic Grant	-	-	628	628
Trails Program	-	267,857	267,857	-
Total Federal Sources	150,000	490,621	487,095	(3,526)
Interdistrict and Other Sources				
Public Schools	167,302	103,313	163,288	59,975
TOTAL REVENUES	$ 3,563,736	$ 4,424,866	$ 4,415,960	$ (8,906)

MENOMINEE COUNTY INTERMEDIATE SCHOOL DISTRICT
Detailed Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
EXPENDITURES				
Support Services				
Truancy Services	$ 6,521	$ 3,741	$ 3,188	$ 553
Behavioral Health	-	2,034	5,825	(3,791)
General Administration	190,478	153,497	177,742	(24,245)
Improvement of Instruction	19,500	25,000	2,363	22,637
Children's Trust Fund and Imagination Library	50,500	24,470	70,583	(46,113)
Board of Education - ISD	53,598	40,318	35,891	4,427
Executive Administration	360,704	357,631	356,035	1,596
Early Literacy Grant	214,884	210,246	208,765	1,481
Fiscal Services	175,025	157,875	202,339	(44,464)
Central Office Supplies	6,000	5,000	5,016	(16)
Other Business Services	2,507	1,763	1,724	39
Operation ISD Building	128,823	215,868	243,632	(27,764)
Curriculum Communications	1,513	1,055	1,234	(179)
Support Services	113,300	92,811	93,077	(266)
Mental Health	435,680	412,294	399,212	13,082
Information Management Services	177,166	165,550	177,405	(11,855)
Mental Health Administration	8,929	8,929	-	8,929
Other Support Services	1,700	2,500	4,045	(1,545)
Healthy Youth Coalition	25,000	36,601	19,978	16,623
Communities That Care Grant Projects	20,000	10,000	29,041	(19,041)
UW-CTC Projects and Programs	40,000	70,667	51,140	19,527
Healthy Youth Coalition - Substainability Fund	50,000	168,925	169,362	(437)
Healthy Youth Coalition - United Way	5,000	8,774	7,964	810
Hannahville Literacy Grant	-	10,361	-	10,361
Great Start GSC	21,000	17,526	19,426	(1,900)
Great Start GSC C/O July-Sept	40,000	26,918	26,918	-
Great Start GSC C/O Oct-June	124,000	93,712	259,816	(166,104)
Great Parents/Great Start	21,498	21,240	29,763	(8,523)
Great Parents/Great Start C/O July-Sept	183,897	337,055	100,123	236,932
Great Parents/Great Start C/O Oct-June	238,317	244,274	94,494	149,780
GSRP C/O	74,305	79,191	70,581	8,610
EITC	637	2,350	-	2,350
Literacy HUB Grant	12,000	8,243	-	8,243
MAPS School Safety	-	5,750	-	5,750
GSRP Snacks	2,000	8,292	7,992	300
RTT - Trusted Advisors Year 2	25,000	12,997	13,468	(471)
Drug Free Community Support Oct-June	125,000	125,000	124,554	446
31P Trails Program	-	267,857	-	267,857
HRA	-	11,790	12,436	(646)
CBO Startup Grant	-	25,000	17,418	7,582
Grow Your Own	-	12,500	12,500	-
MPSERS One Time	-	158,749	158,749	-
TAG Grant	-	50,000	33,386	16,614
MI STEM	-	3,075	-	3,075
OER Grant	-	3,792	-	3,792
Total Support Services	2,954,482	3,701,221	3,247,185	454,036
Interdistrict Payments	893,750	918,424	1,316,764	(398,340)
TOTAL EXPENDITURES	$ 3,848,232	$ 4,619,645	$ 4,563,949	$ 55,696

MENOMINEE COUNTY INTERMEDIATE SCHOOL DISTRICT

Detailed Revenue Budgetary Comparison Schedule - Special Education Fund
For the Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
REVENUES				
Local Sources				
Property Tax	$ 1,461,742	$ 1,531,327	$ 1,533,818	$ 2,491
Other	323,475	369,339	371,549	2,210
Total Local Sources	1,785,217	1,900,666	1,905,367	4,701
State Sources				
State Aid Sec. 51a(2)	118,581	28,251	28,251	-
State Aid Sec. 51a	598,911	778,472	778,472	-
State Aid 54D Early On	53,776	59,488	59,488	-
State Aid Special Education 51f	-	84,752	84,752	-
State Aid Special Education 51e	72,141	-	-	-
MPSERS One Time	-	151,308	151,308	-
State Aid UAAL Rate Stabilization	345,574	384,131	384,131	-
Total State Sources	1,188,983	1,486,402	1,486,402	-
Federal Sources				
Flow Through	797,138	772,756	772,757	1
Preschool	26,642	27,677	27,677	-
General Supervision	125,400	137,900	137,900	-
Early On	40,000	60,672	43,357	(17,315)
Medicaid Administrative Outreach	7,000	15,428	15,428	-
Total Federal Sources	996,180	1,014,433	997,119	(17,314)
TOTAL REVENUES	$ 3,970,380	$ 4,401,501	$ 4,388,888	$ (12,613)

MENOMINEE COUNTY INTERMEDIATE SCHOOL DISTRICT
Detailed Expenditures Budgetary Comparison Schedule - Special Education Fund
For the Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
EXPENDITURES				
Instructional Services				
ESCI/SSCI/ECSES	$ 323,103	$ 352,954	$ 325,570	$ 27,384
Flow Through	774,783	772,567	783,129	(10,562)
Preschool	7,765	27,162	14,820	12,342
Total Instructional Services	1,105,651	1,152,683	1,123,519	29,164
Support Services				
Health	503,737	412,369	433,301	(20,932)
Psychological	111,301	148,565	147,682	883
Speech	807,731	814,181	845,155	(30,974)
Social Work	556,582	540,905	516,627	24,278
Vision Imp / Teacher Consultants	9,000	28,000	12,538	15,462
TAP (July-Sept)	-	-	2,442	(2,442)
Special Ed. Support	142,544	141,169	140,385	784
Operation Building	13,300	26,100	26,100	-
Transportation	138,152	192,019	210,190	(18,171)
Parent Advisory Council	300	250	147	103
Other Support Services	54,502	33,534	31,784	1,750
Early On - Infant/Toddler	40,000	60,672	60,672	-
Early On - Local Expense	10,520	11,327	14,988	(3,661)
Early On - 54d C/O	53,776	59,488	28,524	30,964
Job Development/ Job Coaching	115,138	121,107	121,143	(36)
Transition - Direct Service	3,000	-	-	-
MPSERS One Time	-	151,307	151,307	-
General Supervision Expenditures	114,955	131,330	131,330	-
Total Support Services	2,674,538	2,872,323	2,874,315	(1,992)
Interdistrict Payments	36,612	24,941	24,151	790
TOTAL EXPENDITURES	$ 3,816,801	$ 4,049,947	$ 4,021,985	$ 27,962

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ADDITIONAL REPORTS

Independent Auditors' Report on Internal Control over Financing 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
Menominee County Intermediate School District
Menominee, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Menominee County Intermediate School District (District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 1, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

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

To the Board of Education
Menominee County Intermediate School District

Menominee County Intermediate School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of 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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KerberRose SC

KerberRose SC
Certified Public Accountants
Green Bay, Wisconsin
November 1, 2023

Independent Auditors' Report on Compliance for the Major Federal Programs and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Education
Menominee County Intermediate School District
Menominee, Michigan

Report on Compliance for the Major Federal Programs

Opinion on the Major Federal Programs

We have audited Menominee County Intermediate School District's (District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Menominee County Intermediate School District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal programs for the year ended June 30, 2023.

Basis for Opinion on the Major Federal Programs

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

To the Board of Education
Menominee County Intermediate School District

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the major federal programs as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and Uniform Guidance we:

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

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

Report on Internal Control over Compliance

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

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

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

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

KerberRose SC

KerberRose SC
Certified Public Accountants
Green Bay, Wisconsin
November 1, 2023

FEDERAL AWARDS SECTION

MENOMINEE COUNTY INTERMEDIATE SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Grantor Agency/Federal Program Title	ALN	Pass-Through Agency	Pass-Through Number	(Accrued) Deferred Revenue 7/1/2022	Value or Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/2023	Total Expenditures	Subrecipient Payments
U.S. DEPARTMENT OF AGRICULTURE								
Pandemic EBT Local Level Costs	10.649	MDE	220980	$ -	$ 628	$ -	$ 628	$ -
U.S. DEPARTMENT OF TREASURY								
Coronavirus State and Local Fiscal Recovery Funds	21.027	MDE	232425	-	892,857	-	892,857	-
Coronavirus State and Local Fiscal Recovery Funds	21.027	MDE	232425	-	(609,813)	(15,187)	(625,000)	-
Total U.S. Department of Treasury				-	283,044	(15,187)	267,857	-
U.S. DEPARTMENT OF EDUCATION								
Title I Grants to Local Educational Agencies	84.010A	CISD		-	-	33,386	33,386	-
SPECIAL EDUCATION CLUSTER								
Special Education Grants to States - Flowthrough	84.027	MDE	220450	(797,138)	797,138	-	-	-
Special Education Grants to States - Flowthrough	84.027	MDE	230450	-	-	772,757	772,757	
Special Education Grants to States - ARP Flowthrough	84.027	MDE	231280	(155,342)	155,342	-	-	-
Special Education Grants to States - General Supervision	84.027	MDE	220493	(125,400)	125,400	-	-	-
Special Education Grants to States - General Supervision	84.027	MDE	230493	-	-	137,900	137,900	-
Special Education Preschool Grants	84.173A	MDE	220460	(26,642)	26,642	-	-	-
Special Education Preschool Grants	84.173A	MDE	230460	-	-	27,677	27,677	
Special Education Preschool Grants - ARP	84.173A	MDE	231285	(12,111)	12,111	-	-	-
Total Special Education Cluster				(1,116,633)	1,116,633	938,334	938,334	-
SPECIAL EDUCATION - GRANTS FOR INFANTS AND FAMILIES								
Special Education - Grants for Infants and Families	84.181	MDE	211340	(40,000)	40,000	-	-	-
Special Education - Grants for Infants and Families - ARP	84.181	MDE	221283	(17,315)	19,443	-	2,128	-
Special Education - Grants for Infants and Families - ARP	84.181	MDE	231340	-	-	41,229	41,229	-
Implementing Effective Use of Technology in OER or CS	84.424A	MDE	S424A220023	-	-	3,792	3,792	-
Total U.S. Department of Education				(1,173,948)	1,176,076	1,012,949	1,015,077	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES								
Drug-Free Communities Support Program Grants	93.276	MI DHS	NH28CE002980	(63,220)	63,220	-	-	-
Drug-Free Communities Support Program Grants	93.276	MI DHS	NH28CE002980	-	119,956	4,598	124,554	-
Health Resources Advocates	93.323	MI DHS	222810	(65,600)	65,600	-	-	-
Health Resources Advocates	93.323	MI DHS	232810	-	5,975	12,435	18,410	-
Every Student Succeeds Act/Preschool Development Grants	93.434	MI DHS	193910	(21,867)	-	35,335	13,468	-
Child Care and Development Block Grant	93.575	MDE		-	25,000	-	25,000	-
MEDICAID CLUSTER:								
Medicaid School Based Services	93.778	MI DCH	Unknown	-	15,428	-	15,428	-
Total U.S. Department of Health and Human Services				(150,687)	295,179	52,368	196,860	-
TOTAL FEDERAL AWARDS				$ (1,324,635)	$ 1,754,927	$ 1,050,130	$ 1,480,422	$ -

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Menominee County Intermediate School District under the programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule of expenditures of federal awards presents only a selected portion of the operations of Menominee County Intermediate School District, it is not intended to and does not present the financial position or changes in financial position of the Menominee County Intermediate School District.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Menominee County Intermediate School District has not elected to use the 10 percent *de minimis* indirect cost rate as allowable under the Uniform Guidance.

Note 3 - Grant Reconciliation

The amounts reported on the Cash Management System (CMS), Grant Section Auditors Report (GAR), agree with the schedule of expenditures of federal awards.

Note 4 - Expenditures Reports

Expenditures identified in the schedule of expenditures of federal awards are supported by source documentation and are in agreement with financial reports submitted to the Michigan Department of Education, except for those grants where the grant period differs from the District’s fiscal year.

Note 5 - Oversight Agencies

The District’s federal agency oversight agency is the U.S. Department of Education. The District’s state cognizant agency is the Michigan Department of Education.

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiency identified?	Yes
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiency identified?	None Reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major federal programs:

Assistance Listing Number (ALN)	Name of Federal Program
21.027	Coronavirus State and Local Fiscal Recovery Funds
84.010	Title I

Dollar threshold used to distinguish between Type A and Type B programs	$750,000
Auditee qualified as a low-risk auditee?	Yes

Section II - Financial Statement Findings

Finding No.	
2023-001	**Segregation of Duties**
Prior Year Audit Finding:	2022-001
Condition:	During our audit, we noted that a few of the accounting functions are performed by a few individuals, recording and processing of receipts and bank deposits as well as processing invoices and checks.
Criteria:	The Board of Education and management are responsible for establishing and maintaining internal controls over financial reporting to prevent misstatements in the District's financial reporting.
Cause:	Limited staff is available to properly segregate duties within the District office.
Effect:	Because of the lack of segregation of duties, unauthorized transactions or misstatements as a result of errors could occur within the financial recordkeeping.
Recommendation:	We recognize that the District is limited in size to employ additional staff for the purpose of segregation of duties from a financial standpoint. We recommend the District separate the functions of cash receipting into the software and preparing the bank deposit. In addition, the District should implement a control by having Business Coordinator match the approved check listing from the board to the check register after checks are printed and processed.
Management's Response:	We concur with this finding and will continue to look for opportunities to strengthen this area. The duties within the Business Department are separated as much as possible given the limited staff. In addition, the Board and management will continue to rely on their direct knowledge of daily operations and direct contact with employees to better control and safeguard assets.
Responsible Officials:	Steve Martin, Superintendent Cara Kalafut, Business Manager
Anticipated Completion Date:	This finding will not completely resolve itself given the cost/benefit basis the District continues to make.

Section II - Financial Statement Findings (Continued)

<u>**Finding No.**</u>

2023-002 **Financial Reporting**

Prior Year Audit Finding:	2022-002
Condition:	During our audit, we noted that the internal control system does not include a process for preparing the annual audited financial statements and the related disclosures in accordance with GAAP.
Criteria:	Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial position, change in net position, and disclosures in the financial statements, in conformity with U.S. Generally Accepted Accounting Principles (GAAP).
Cause:	Management doesn't have the training to prepare the financial statements in accordance with GAAP.
Effect:	Although the auditors are preparing the financial statements and the related footnotes, management of the District thoroughly reviews them and accepts responsibility for their completeness and accuracy.
Recommendation:	We recommend that management continue to make this decision on a cost/benefit basis.
Management's Response:	We concur with this finding and will continue to look for opportunities to increase our understanding of the requirements of preparing GAAP financial statements. The District is aware that its staff does not have the training to prepare financial statements and related notes in accordance with GAAP. The District will rely on the assistance of the auditors for preparation of the financial statements and related notes. Management does review and approve the financial statements by comparing the financial statements to internally generated financial reports and records. The District's management accepts responsibility for the financial statements.
Responsible Officials:	Steve Martin, Superintendent Cara Kalafut, Business Manager
Anticipated Completion Date:	This finding will not completely resolve itself given the cost/benefit basis the District continues to make.

Section III - Federal Award Findings

There were no findings for federal awards.

Financial Statement Findings

2022-001 Segregation of Duties - See corrective action plan finding 2023-001.

2022-002 Financial Reporting - See corrective action plan finding 2023-002.

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MENOMINEE COUNTY ISD
Intermediate School District

1201- 41st Avenue
Menominee, MI 49858
http://mc-isd.org

CORRECTIVE ACTION PLAN

Financial Statement Findings

2023-001 - Segregation of Duties - We will continue to look for opportunities to strengthen this area. The duties within the Business Department are separated as much as possible with the limited staff. In addition, the Board and management will continue to rely on their direct knowledge of daily operations and direct contact with employees to better control and safeguard assets.

Responsible Officials
Steve Martin, Superintendent
Cara Kalafut, Business Manager

Anticipated Completion Date
We will continue to look for opportunities to strengthen these areas during the 2023-2024 school year given the restructuring occurring in the District office.

2023-002 - Financial Reporting - We will continue to look for opportunities to increase our understanding of the requirements of preparing GAAP financial statements. The District is aware that its staff does not have the training to prepare financial statements and related notes in accordance with GAAP. The District will rely on the assistance of the auditors for preparation of the financial statements and related notes. Management does review and approve the financial statements by comparing the financial statements to internally generated financial reports and records.

Responsible Officials
Steve Martin, Superintendent
Cara Kalafut, Business Manager

Anticipated Completion Date
This finding will not be completely resolved given the cost/benefit analysis the District continues to base its decision on.

KerberRose

To the School Board
Menominee County Intermediate School District
Menominee, Michigan

We have audited the financial statements of the governmental activities and each major fund of the Menominee County Intermediate School District (District) as of and for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards,* and *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to the audit.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America *Governmental Auditing Standards* Issued by the Comptroller General of the United States, and the Uniform Guidance

As stated in our engagement letter dated July 14, 2023, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the District. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit.

Other Information in Documents Containing Audited Financial Statements

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to the management's discussion and analysis, schedules of employer's proportionate share of the net pension liability and employer contributions, schedules of employer's proportionate share of net OPEB liability and employer contributions, the schedule of budgetary comparison- general fund, and the schedule of budgetary comparison – budget and actual – special education fund as indicated in the financial statement's table of contents, which supplement the basic financial statements, was to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI was not audited and, because the limited procedures did not provide us with sufficient evidence to express an opinion or provide any assurance, we did not express an opinion or provide any assurance on the RSI.

We have been engaged to report on the schedule of expenditures of federal awards as indicated in the financial statement's table of contents, which accompany the financial statements but are not RSI. Our responsibility for this supplementary information as described by professional standards, was to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information was fairly stated, in all material respects, in relation to the financial statements as a whole.

Audit Scope, Significant Risks and Other

Our audit included examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing and extent of further audit procedures.

Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Any internal control related matters that are required to be communicated under professional standards are included later in this letter.

We identified management override of controls, improper revenue recognition, lack of segregation of duties, fraudulent credit card purchases, incomplete and inappropriate capitalization of assets and misappropriation of cash as significant risks of material misstatement as part of our audit planning. We designed audit procedures in response to these risks.

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on its major federal programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance the with Uniform Guidance.

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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. Also, in accordance with Uniform Guidance, we examined, on a test basis, evidence about the District's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* applicable to its major federal programs for the purpose of expressing an opinion on the District's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination of the District's compliance with those requirements.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Menominee County Intermediate School District are described in Note 1 to the financial statements. As discussed in Note 1, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 96 – Subscription-Based Information Technology Agreements as of and for the year ended June 30, 2023. We noted no transactions entered into by the governmental unit 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 District's financial statements were:

Management's estimate of the useful lives of the capital assets is based on industry standards. We evaluated the key factors and assumptions used to develop the estimated useful lives in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net pension liability and related deferred outflows/inflows is based on an actuarial valuation. We evaluated the key factors and assumptions used to develop the net pension liability and related deferred outflows/inflows in determining that it is reasonable in relation to the financial statements as a whole.

Managements estimate of the other post-employment benefits liability is based on an actuarial report. We evaluated the key factors and assumptions used to develop the other postemployment benefits liability in determining that it is reasonable in relation to the financial statements as a whole.

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

The disclosure of deposits and the related risks with them in Note 2 to the financial statements. The footnote was prepared based on the requirements of the Governmental Accounting Standards Board and is intended to inform readers as to the risks associated with the District's cash.

The disclosure of net pension liability and OPEB liability and related deferred outflows/inflows and the related risk associated with it in Notes 7 and 8 to the financial statements. The footnotes were prepared based on the requirements of the Governmental Accounting Standards Board and is intended to inform readers as to the risk associated with the District's net pension liability, OPEB liability and related deferred outflows/inflows.

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

Difficulties Encountered in Performing the Audit

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

Corrected 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. There were no corrected material adjustments. The attached schedule summarizes the uncorrected misstatement of the financial statements. Management has determined that its effect is immaterial to the financial statements taken as a whole. The uncorrected misstatement or the matters underlying it could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such an uncorrected misstatement is immaterial to the financial statements under audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' 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 November 1, 2023.

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 Menominee County Intermediate 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 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.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the governmental activities and each major fund of the Menominee County Intermediate School District as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic financial statements but not on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, we identified certain deficiencies in internal control over financial reporting 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:

Financial Reporting - One of the components of internal control over financial reporting is that staff of the District be sufficiently knowledgeable to prepare the entity's financial statements including the footnotes in accordance with generally accepted accounting principles (GAAP). The District's staff does not have the training in GAAP to prepare financial statements including the related notes in accordance with GAAP. The District's management does review the financial statements and footnotes by comparing them to internal statements and the financial reporting system trial balance. The District's management accepts responsibility for the financial statements. This matter is common in most small organizations since they do not have the resources to devote to this area of internal control.

Segregation of Duties **-** The District has a limited number of people who are responsible for and perform substantially all of the bookkeeping and accounting functions. Good internal control requires a complete separation of duties with respect to the handling and recording of transactions. In order to provide for an adequate segregation of duties, additional personnel may have to be involved in the performance of the accounting and bookkeeping functions. We recognize that this may not be practicable based on the size of the District and limited resources. This is not unusual for entities your size, but we are required to inform you that this condition exists. The District has created a separate financial reporting group consisting of the superintendent, business manager and two board members. Information is provided two business days prior to meeting to review and address any questions. We recommend the District consider separating the functions of cash receipting into the software and preparing the bank deposit. In addition, the District should consider implementing a control of having the Business Coordinator match the approved check listing from the board to the check register after checks are printed and processed.

Internal Control Over Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Accordingly, we do not express an opinion on compliance. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards,* issued by the Comptroller General of the United States.

Closing

We thank you for allowing us to be of service to the Menominee County Intermediate School District. We received complete cooperation and appreciate your consideration of our comments and your implementation of suggestions.

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

KerberRose SC

KerberRose SC
Certified Public Accountants
Green Bay, Wisconsin
November 1, 2023

Index

ALG-CX-12.2: Audit Difference Evaluation Form

Governmental Unit: Menominee County ISD

Financial Statement Date: 6/30/2023

Completed by: DWT

Date: 8/23/23

Opinion Unit: All

A Listing of Known Audit Differences Over: PAW

Instructions: This form may be used to accumulate audit differences (AD) that are not considered trivial in amount, nature, or circumstances (documented at Step 5 of ALG-CX-2.1). This form should *not* include normal closing entries. At the end of the audit, evaluate all uncorrected audit differences, individually and in the aggregate, in the context of individual opinion units and conclude on whether they materially misstate the financial statements of an opinion unit taken as a whole. This form also provides a space to document any misstatements of disclosures (including quantitative and qualitative misstatements) that are considered when evaluating misstatements in the aggregate. Before evaluating the effect of uncorrected misstatements, reassess whether materiality is still appropriate based on the entity's actual financial results. The notes following the table provide explanations and a listing of qualitative considerations in evaluating materiality. The form allows for quantifying the effect of misstatements, using both the rollover and iron curtain methods, as appropriate. You need to be familiar with the guidance in section 1010 before completing this form.

				Financial Statement Effect—Amount of Over- (Under-) statement of:						
Description (Nature) of Audit Difference (AD)	**Factual (F), Judgmental (J), or Projected (P)**	**Cause**	**W/P Ref.**	**Total Assets**	**Total Liabilities**	**Working Cap.**	**Fund Balance/Net Position**	**Revenues**	**Expen.**	**Change in Fund Balance/ Net Position**
GASB87 Implementation	F	Leases are overall immaterial to	G-1	8,863.00	11,503.00		(2,640.00)		(357.00)	(357.00)
Total				8,863.00	11,503.00	-	(2,640.00)	-	(357.00)	(357.00)
Less audit adjustments subsequently booked										
Net unadjusted AD—current year (iron curtain method)				8,863.00	11,503.00	-	(2,640.00)	-	(357.00)	(357.00)
Effect of unadjusted AD—prior years										
Combined current year and prior year AD (rollover method)				8,863.00	11,503.00	-	(2,640.00)	-	(357.00)	(357.00)
Financial statement caption totals										
Current year AD as % of F/S captions (iron curtain method)				0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Current and prior year AD as % of F/S captions (rollover method)				0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Qualitative Factors: Describe qualitative factors that entered into your evaluation of whether uncorrected accumulated misstatements are material, individually or in the aggregate, in relation to specific accounts and disclosures and to the opinion unit financial statements as a whole, and the reasons why.

Misstatements of Disclosures: Accumulate and describe any misstatements of disclosures, including qualitative and quantitative disclosures, that entered into your evaluation of whether uncorrected accumulated misstatements are material, individually or in the aggregate, in relation to specific accounts and disclosures and to the opinion unit financial