



Chippewa, Mackinac, Luce, and Schoolcraft Counties, Michigan

Annual Financial Report

For the year ended June 30, 2022

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
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For the year ended June 30, 2022

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

October 11, 2022

The Board of Education
Eastern Upper Peninsula Intermediate School District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Eastern Upper Peninsula Intermediate School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Eastern Upper Peninsula Intermediate School Districts' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Eastern Upper Peninsula Intermediate School District, as of June 30, 2022, and the respective changes in financial position and the respective budgetary comparison for the major funds, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Eastern Upper Peninsula Intermediate School Districts' 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 Eastern Upper Peninsula Intermediate School Districts' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Eastern Upper Peninsula Intermediate School Districts' basic financial statements. The accompanying combining nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Emphasis of Matter

Changes in Accounting Principle

As discussed in Note K to the financial statements, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* for the fiscal year ended June 30, 2022. Our opinion is not modified in respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2022, on our consideration of the Eastern Upper Peninsula Intermediate School Districts' 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 Eastern Upper Peninsula Intermediate School Districts' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Eastern Upper Peninsula Intermediate School Districts' internal control over financial reporting and compliance.



Certified Public Accountants
Grand Rapids, Michigan

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MANAGEMENT'S DISCUSSION AND ANALYSIS



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

As management of the Eastern Upper Peninsula Intermediate School District (“the District”), we offer readers of the District’s financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with the District’s financial statements, which immediately follow this section.

Overview of the Financial Statements

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

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

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



District-wide Statements

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

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

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

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

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

New Accounting Pronouncement Implemented

The District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* during the fiscal year ended June 30, 2022. This Statement enhances the relevance and consistency of information about governments' leasing activities. See Note K for additional information.



Condensed District-wide Financial Information

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

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Assets						
Current assets	\$ 21,882,000	\$ 15,129,809	\$ 914,042	\$ 866,461	\$ 22,796,042	\$ 15,996,270
Noncurrent assets	4,008,271	1,638,772	252,814	327,429	4,261,085	1,966,201
Total Assets	25,890,271	16,768,581	1,166,856	1,193,890	27,057,127	17,962,471
Deferred Outflows of Resources	8,423,836	9,165,450	-	-	8,423,836	9,165,450
Liabilities						
Current liabilities	10,315,637	6,243,920	913,993	866,407	11,229,630	7,110,327
Noncurrent liabilities	3,011,650	82,684	-	-	3,011,650	82,684
Net pension liability	17,177,355	23,020,268	-	-	17,177,355	23,020,268
Net OPEB liability	1,159,622	3,686,042	-	-	1,159,622	3,686,042
Total Liabilities	31,664,264	33,032,914	913,993	866,407	32,578,257	33,899,321
Deferred Inflows of Resources	10,011,923	2,870,049	-	-	10,011,923	2,870,049
Net Position						
Net investment in capital assets	793,271	1,542,881	252,814	327,429	1,046,085	1,870,310
Restricted	10,213,372	7,287,469	-	-	10,213,372	7,287,469
Unrestricted (deficit)	(18,368,723)	(18,799,282)	49	54	(18,368,674)	(18,799,228)
Total Net Position	\$ (7,362,080)	\$ (9,968,932)	\$ 252,863	\$ 327,483	\$ (7,109,217)	\$ (9,641,449)

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
Management's Discussion and Analysis
June 30, 2022



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

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues						
Program revenue:						
Charges for services	\$ 8,199,170	\$ 7,065,415	\$ 844,465	\$ 844,573	\$ 9,043,635	\$ 7,909,988
Operating grants	14,086,807	11,843,251	-	-	14,086,807	11,843,251
General revenue:						
Property taxes	5,631,620	5,487,654	-	-	5,631,620	5,487,654
State school aid, unrestricted	401,702	386,257	-	-	401,702	386,257
Federal Medicaid reimbursement	69,278	41,238	-	-	69,278	41,238
Investment earnings	27,938	20,737	-	-	27,938	20,737
Other	860,683	396,004	467,132	415,726	1,327,815	811,730
Total Revenues	29,277,198	25,240,556	1,311,597	1,260,299	30,588,795	26,500,855
Expenses						
Instruction	10,386,303	9,603,170	-	-	10,386,303	9,603,170
Supporting services	15,495,403	14,641,766	-	-	15,495,403	14,641,766
Community services	714,056	610,795	-	-	714,056	610,795
Interest expense	74,584	6,197	-	-	74,584	6,197
Special education transportation	-	-	1,386,217	1,211,785	1,386,217	1,211,785
Total Expenses	26,670,346	24,861,928	1,386,217	1,211,785	28,056,563	26,073,713
Increase (Decrease) in Net Position	2,606,852	378,628	(74,620)	48,514	2,532,232	427,142
Net Position,						
Beginning of Year	(9,968,932)	(10,347,560)	327,483	278,969	(9,641,449)	(10,068,591)
Net Position,						
End of Year	<u>\$(7,362,080)</u>	<u>\$(9,968,932)</u>	<u>\$ 252,863</u>	<u>\$ 327,483</u>	<u>\$(7,109,217)</u>	<u>\$(9,641,449)</u>

Unrestricted net position increased by \$430,554 to a deficit of \$18,368,674 at June 30, 2022. The District's net pension liability, including deferred outflows and inflows of resources, increased by \$472,171 during the fiscal year. In addition, the District's net OPEB liability, including deferred outflows and inflows of resources, decreased by \$958,016 during the fiscal year.



Financial Analysis of the District as a Whole

The District's financial position is the product of many factors.

Governmental Activities

The District's total revenues were \$29.3 million. Property taxes and unrestricted State aid accounted for 21% of the District's revenues. State and federal aid for specific programs accounted for 48%; fees charged for services totaled 28% of revenues, with the remainder coming from interest earnings and other local sources.

The total cost of all programs was \$26.7 million. The District's expenses are predominantly related to instruction (39%) and caring for students (pupil services) (58%), with the remainder related primarily to community services.

Business-type Activities

Total expenses exceeded revenues by \$74,620 on the Statement of Activities, decreasing total net position from \$327,483 at June 30, 2021, to \$252,863 at June 30, 2022. Unrestricted net assets decreased from \$54 at June 30, 2021 to \$49 at June 30, 2022.

General Comments

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

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

Fund Financial Statements

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



The District utilizes two kinds of funds:

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

Financial Analysis of the District's Funds

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

Governmental Funds

Major Funds

- The General Fund is our primary operating fund. The General Fund had total revenues of \$10,349,299, other financing sources of \$567,191, total expenditures of \$10,143,755, and total other financing uses of \$849,055. The General Fund ended the fiscal year with a fund balance of \$1,632,991, down from \$1,709,311 at June 30, 2021.
- The Special Education Fund accounts for revenue sources that are legally restricted to expenditure for special education purposes. Revenues totaled \$11,991,065, expenditures totaled \$11,593,343, and other financing uses totaled \$452,689 for the fiscal year. The fund balance at year end was \$1,467,739, down from \$1,522,706 at June 30, 2021.
- The Career and Technical Education (CTE) Fund accounts for revenue sources that are legally restricted to expenditure for vocational education purposes. Revenues totaled \$2,854,441, expenditures totaled \$2,731,384, and other financing uses totaled \$25,024 for the fiscal year. The fund balance at year end was \$2,525,545.
- The District operates a Building Capital Projects Fund which accounts for major improvement projects to our buildings and sites. Current year investment earnings totaled \$5,444, other financing sources of \$4,227,000 (including proceeds from bond issuance totaling \$3,460,000), and expenditures totaled \$2,249,767. There is a remaining fund balance of \$4,715,349 at June 30, 2022, with which to complete various improvement projects.



Nonmajor Funds

- The Cooperative Activities Fund, which accounts for the District's technology funding expenditures, had total revenues and other financing sources of \$2,027,429, total expenditures of \$1,779,288 and other financing uses of \$162,585 in 2021-22, increasing its fund balance to \$367,911 at June 30, 2022 from \$282,355 at June 30, 2021.
- The District operates a Business Services Consortium Fund which accounts for District business services funding and expenditures. Total revenues and expenditures were \$1,393,611 and \$1,339,764, respectively, and other financing uses totaled \$15,000. The ending fund balance totaled \$261,959 on June 30, 2022, up from \$223,112 at June 30, 2021.
- The District operates the Eastern Upper Peninsula (EUP) Collaborative Special Revenue Fund. Total revenues and expenditures were \$834,481 and \$83,204, respectively, and other financing uses totaled \$10,000. The ending fund balance totaled \$741,277 on June 30, 2022.

Proprietary Funds

- The Special Education Transportation Fund accounts for the transportation of local districts' special education students. Total revenues were \$1,311,597 and total expenditures were \$1,386,217. The ending net position was \$252,863 at June 30, 2022, down from \$327,483 at June 30, 2021.
- The District maintains a Travel Fund to account for the travel costs of District employees. Total revenues were \$106,160, and total expenditures were \$104,570. The ending fund balance totaled \$332,242 at June 30, 2022, up from \$330,652 at June 30, 2021.

General Fund Budgetary Highlights

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

- Changes made in the fall to account for the new grants and carryover funds of prior year grants.
- Final amendments are made in June for increases in appropriations to prevent budget overruns and reductions in expenditure put into place by the administration.
- The final budget for the General Fund anticipated the fund balance to be 11.06% of General Fund expenditures and transfers - the actual results equaled 16.10%.
- The decrease in the General Fund fund balance was due to costs associated with the District's new facility, which is planned to be open in January 2023.



Capital Asset and Debt Administration

Capital Assets

By the end of fiscal year 2022, the District had a \$7,500,814 investment in a broad range of capital assets, including land, school buildings, athletic facilities, vehicles, computer equipment and software, and administrative offices. (More detailed information about capital assets can be found in Note E in the Notes to Basic Financial Statements.)

At June 30, 2022, the District’s investment in capital assets (net of accumulated depreciation), was \$4,261,085. Net capital asset additions totaled \$2,546,857 for the fiscal year, with net accumulated depreciation increasing \$243,360, leaving a net increase in the book value of capital assets of \$2,294,884.

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

	Governmental Activities	Business-type Activities	Total
Land	\$ 68,616	\$ —	\$ 68,616
Construction in progress	2,608,262	—	2,608,262
Land improvements	88,417	—	88,417
Buildings and improvements	681,285	—	681,285
Furniture and equipment	323,640	—	323,640
Vehicles	238,051	252,814	490,865
	<u>\$ 4,008,271</u>	<u>\$ 252,814</u>	<u>\$ 4,261,085</u>
Net Capital Assets	\$ 4,008,271	\$ 252,814	\$ 4,261,085

Long-term Obligations

At year end, the District had \$3,291,650 in general obligation bonds and accumulated sick leave – a net increase of \$3,098,075 from June 30, 2021.

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

Factors Bearing on the District’s Future

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

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



- Cost increases exceeding the general rate of inflation continue to be expected for the District relative to pension contribution obligations in 2021-22 and beyond. These costs represent a significant portion of the District's budget, and their rate of increase is a concern to management. Surges in prices of energy commodities such as diesel, gasoline and natural gas have abated, and prices have even declined. If this trend is sustained, it may provide some relief from the rate of growth in overall operating costs going forward.
- The District Professional Staff bargaining unit's contract expires June 30, 2024.
- The District Support Staff bargaining unit's contract expires June 30, 2024.
- The pandemic created a lot of uncertainties and volatility in the market and economy. There are still a lot of unknowns related to this at this time, but the District works closely with the regional local districts, other ISD's, and the State of Michigan on the changing environment and will continue to do so.
- As the District continues to face the budget challenges of the current and upcoming school years, operating efficiencies and balanced budgets will be necessary. The ability to continue to operate an adequate educational system with continued less revenue and increasing expenditures is the challenge of the future. The Board of Education is currently working on strategic plan goals that include fiscal oversight, fiscal responsibility, and financial planning.
- In August 2022, the region passed an increase and headlee override to the Special Education millage, which now puts the EUPISD region as collecting the maximum amount of 1.75 mills under the current law. These additional funds will be utilized in the region to support our increasing special education needs.
- The District purchased an old school building in February 2021 and is currently in the middle. This facility will be the location of regional special education classroom space and more office space. The District is utilizing a bond and local funds to finance the project. The anticipated completion date is December of 2022.

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

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EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
Statement of Net Position
June 30, 2022

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Assets			
Cash	\$ 440	\$ -	\$ 440
Cash equivalents, deposits and investments (Note B)	15,697,477	626,955	16,324,432
Accounts receivable	59,297	-	59,297
Due from other governmental units (Note C)	6,124,646	287,087	6,411,733
Prepaid expenses	140	-	140
Capital assets not being depreciated (Note E)	2,676,878	-	2,676,878
Capital assets being depreciated, net (Note E)	1,331,393	252,814	1,584,207
Total Assets	25,890,271	1,166,856	27,057,127
Deferred Outflows of Resources			
Deferred pension amounts	6,009,693	-	6,009,693
Deferred OPEB amounts	2,414,143	-	2,414,143
Total Deferred Outflows of Resources	8,423,836	-	8,423,836
Liabilities			
Accounts payable	2,893,033	7,779	2,900,812
Due to other governmental units	3,055,931	793,714	3,849,645
Payroll withholdings payable	244,072	-	244,072
Accrued interest payable	38,901	-	38,901
Salaries payable	138,960	-	138,960
Unearned revenue	3,664,740	112,500	3,777,240
Long-term liabilities (Note F):			
Due within one year	280,000	-	280,000
Due in more than one year	3,011,650	-	3,011,650
Net pension liability	17,177,355	-	17,177,355
Net OPEB liability	1,159,622	-	1,159,622
Total Liabilities	31,664,264	913,993	32,578,257
Deferred Inflows of Resources			
Deferred pension amounts	5,666,459	-	5,666,459
Deferred OPEB amounts	4,345,464	-	4,345,464
Total Deferred Inflows of Resources	10,011,923	-	10,011,923
Net Position			
Net investment in capital assets	793,271	252,814	1,046,085
Restricted for:			
Capital outlay	4,712,442	-	4,712,442
Special education	1,467,739	-	1,467,739
Vocational education	2,525,545	-	2,525,545
Supporting services	1,371,147	-	1,371,147
Pupil transportation services	136,499	-	136,499
Unrestricted (deficit)	(18,368,723)	49	(18,368,674)
Total Net Position	\$ (7,362,080)	\$ 252,863	\$ (7,109,217)

See accompanying notes to basic financial statements.

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
Statement of Activities
For the year ended June 30, 2022

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants
Governmental Activities			
Instruction	\$ 10,386,303	\$ -	\$ 3,350,236
Supporting services	15,495,403	6,881,387	10,702,704
Community services	714,056	1,317,783	-
Interest on long-term debt	74,584	-	33,867
Total governmental activities	<u>26,670,346</u>	<u>8,199,170</u>	<u>14,086,807</u>
Business-type Activities			
Special education transportation	<u>1,386,217</u>	<u>844,465</u>	<u>-</u>
Total Activities	<u>\$ 28,056,563</u>	<u>\$ 9,043,635</u>	<u>\$ 14,086,807</u>

General Revenues

Taxes:

Property taxes, levied for general operations
Property taxes, levied for vocational education
Property taxes, levied for special education
State school aid, unrestricted
Federal Medicaid reimbursement
Interest and investment earnings
Other

Total General Revenues

Change in Net Position

Net Position - Beginning of Year

Net Position - End of Year

See accompanying notes to basic financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
\$ (7,036,067)	\$ -	\$ (7,036,067)
2,088,688	-	2,088,688
603,727	-	603,727
(40,717)	-	(40,717)
(4,384,369)	-	(4,384,369)
-	(541,752)	(541,752)
(4,384,369)	(541,752)	(4,926,121)
511,624	-	511,624
2,560,003	-	2,560,003
2,559,993	-	2,559,993
401,702	-	401,702
69,278	-	69,278
27,938	-	27,938
860,683	467,132	1,327,815
6,991,221	467,132	7,458,353
2,606,852	(74,620)	2,532,232
(9,968,932)	327,483	(9,641,449)
\$ (7,362,080)	\$ 252,863	\$ (7,109,217)

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2022

Assets	<u>General</u>	<u>Special Education</u>	<u>CTE</u>
Cash	\$ 100	\$ 340	\$ -
Cash equivalents, deposits and investments (Note B)	3,823,153	178,565	3,850,103
Accounts receivable	56,768	269	-
Due from other governmental units (Note C)	2,294,457	2,480,550	102,120
Prepaid expenditures	-	140	-
Total Assets	<u>\$ 6,174,478</u>	<u>\$ 2,659,864</u>	<u>\$ 3,952,223</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 372,270	\$ 419,778	\$ 628
Due to other governmental units	685,582	225,632	1,426,050
Payroll withholdings payable	244,072	-	-
Accrued expenditures	-	35,994	-
Salaries payable	1,101	127,766	-
Unearned revenue	3,238,462	382,955	-
Total Liabilities	<u>4,541,487</u>	<u>1,192,125</u>	<u>1,426,678</u>
Fund Balances (Note A)			
Nonspendable	-	140	-
Restricted	38,429	1,467,599	2,525,545
Unassigned	1,594,562	-	-
Total Fund Balances	<u>1,632,991</u>	<u>1,467,739</u>	<u>2,525,545</u>
Total Liabilities and Fund Balances	<u>\$ 6,174,478</u>	<u>\$ 2,659,864</u>	<u>\$ 3,952,223</u>

See accompanying notes to basic financial statements.

Building Capital Projects	Nonmajor	Total
\$ -	\$ -	\$ 440
6,039,747	1,665,375	15,556,943
-	2,260	59,297
-	1,247,519	6,124,646
-	-	140
<u>\$ 6,039,747</u>	<u>\$ 2,915,154</u>	<u>\$ 21,741,466</u>
\$ 1,323,762	\$ 772,560	\$ 2,888,998
636	718,031	3,055,931
-	-	244,072
-	-	35,994
-	10,093	138,960
-	43,323	3,664,740
<u>1,324,398</u>	<u>1,544,007</u>	<u>10,028,695</u>
-	-	140
4,715,349	1,371,147	10,118,069
-	-	1,594,562
<u>4,715,349</u>	<u>1,371,147</u>	<u>11,712,771</u>
<u>\$ 6,039,747</u>	<u>\$ 2,915,154</u>	<u>\$ 21,741,466</u>

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2022

Total governmental fund balances		\$ 11,712,771
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$6,362,137 and accumulated depreciation is \$2,353,866.		4,008,271
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
General obligation bonds	\$ (3,215,000)	
Accumulated sick leave	<u>(76,650)</u>	(3,291,650)
Accrued interest is not included in as a liability in governmental funds		(2,907)
Internal Service Fund assets and liabilities are included in governmental activities in the Statement of Net Position.		136,499
Net pension liability and related deferred outflows/inflows of resources are not included as assets/liabilities in governmental funds:		
Net pension liability	(17,177,355)	
Deferred outflows	6,009,693	
Deferred inflows	<u>(5,666,459)</u>	(16,834,121)
Net OPEB liability and related deferred outflows/inflows of resources are not included as assets/liabilities in governmental funds:		
Net OPEB liability	(1,159,622)	
Deferred outflows	2,414,143	
Deferred inflows	<u>(4,345,464)</u>	<u>(3,090,943)</u>
Total Net Position - Governmental Activities		<u><u>\$ (7,362,080)</u></u>

See accompanying notes to basic financial statements.

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EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2022

	General	Special Education	CTE
Revenues			
Local sources	\$ 598,759	\$ 3,890,342	\$ 2,576,190
Non-educational entity sources	-	50,000	-
State sources	5,565,856	3,610,585	139,959
Federal sources	3,212,078	1,841,017	112,243
Interdistrict sources	972,606	2,599,121	26,049
Total Revenues	10,349,299	11,991,065	2,854,441
Expenditures			
Current:			
Instruction	1,828	2,547,400	141,241
Supporting services	5,746,619	7,299,889	269,125
Community services	491,134	232,376	-
Interdistrict	3,331,810	1,513,678	2,321,018
Capital outlay	572,364	-	-
Debt service:			
Principal repayment	-	-	-
Interest and fiscal charges	-	-	-
Bond issuance costs	-	-	-
Total Expenditures	10,143,755	11,593,343	2,731,384
Excess (Deficiency) of Revenues Over Expenditures	205,544	397,722	123,057
Other Financing Sources (Uses)			
Proceeds from the issuance of bonds	-	-	-
Transfers in	567,191	-	-
Transfers out	(849,055)	(452,689)	(25,024)
Total Other Financing Sources (Uses)	(281,864)	(452,689)	(25,024)
Net Change in Fund Balances	(76,320)	(54,967)	98,033
Fund Balances, Beginning of Year	1,709,311	1,522,706	2,427,512
Fund Balances, End of Year	\$ 1,632,991	\$ 1,467,739	\$ 2,525,545

See accompanying notes to basic financial statements.

Building Capital Projects	Nonmajor	Total
\$ 5,444	\$ 1,697,237	\$ 8,767,972
-	-	50,000
-	-	9,316,400
-	-	5,165,338
-	2,378,122	5,975,898
<u>5,444</u>	<u>4,075,359</u>	<u>29,275,608</u>
-	-	2,690,469
39,564	2,360,170	15,715,367
-	2,484	725,994
-	740,573	7,907,079
1,896,664	-	2,469,028
245,000	95,891	340,891
45,883	3,138	49,021
22,656	-	22,656
<u>2,249,767</u>	<u>3,202,256</u>	<u>29,920,505</u>
<u>(2,244,323)</u>	<u>873,103</u>	<u>(644,897)</u>
3,460,000	-	3,460,000
767,000	180,162	1,514,353
-	(187,585)	(1,514,353)
<u>4,227,000</u>	<u>(7,423)</u>	<u>3,460,000</u>
1,982,677	865,680	2,815,103
<u>2,732,672</u>	<u>505,467</u>	<u>8,897,668</u>
<u>\$ 4,715,349</u>	<u>\$ 1,371,147</u>	<u>\$ 11,712,771</u>

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended June 30, 2022

Net change in fund balances - total governmental funds \$ 2,815,103

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

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

	Capital outlays	\$ 2,523,857	
	Depreciation expense	<u>(118,561)</u>	2,405,296

Proceeds from the sale of bonds, loans, or capital leases are an other financing source in the governmental funds, but increase long-term liabilities in the Statement of Net Position. (3,460,000)

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

Repayment of general obligation bonds	245,000	
Repayment of capital lease	<u>95,891</u>	340,891

Interest on long-term liabilities in the Statement of Activities differs from the amount reported on the governmental funds because interest is recorded as an expenditure in the funds when it is due and paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues regardless of when it is paid. (2,907)

In the Statement of Net Position, accumulated sick leave is measured by the by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). This year the amount of these used/paid/adjusted (\$44,750) exceeded the amounts earned (\$23,716). 21,034

The net revenue of certain activities of the Internal Service Fund are reported in the Statement of Activities. 1,590

The changes in net pension liability and related deferred outflows/inflows of resources are not included as revenues/expenditures in governmental funds. (472,171)

The changes in net OPEB liability and related deferred outflows/inflows of resources are not included as revenues/expenditures in governmental funds. 958,016

Total changes in net position - governmental activities \$ 2,606,852

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2022

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Local sources	\$ 753,641	\$ 783,960	\$ 598,759	\$ (185,201)
State sources	5,260,483	7,119,780	5,565,856	(1,553,924)
Federal sources	3,800,718	4,789,270	3,212,078	(1,577,192)
Interdistrict sources	1,566,139	1,138,287	972,606	(165,681)
Total Revenues	11,380,981	13,831,297	10,349,299	(3,481,998)
Expenditures				
Current:				
Instruction:				
Basic programs	623,702	1,828	1,828	-
Supporting services:				
Pupil services	919,522	1,385,688	759,792	625,896
Instructional staff services	2,964,106	3,862,959	2,787,377	1,075,582
General administrative services	452,017	408,378	410,884	(2,506)
Business services	454,423	479,106	467,874	11,232
Operation and maintenance services	160,733	150,858	128,347	22,511
Central services	1,302,531	1,207,525	1,178,671	28,854
Other supporting services	26,700	10,700	13,674	(2,974)
Community services	589,638	777,968	491,134	286,834
Capital outlay	-	573,185	572,364	821
Interdistrict	3,554,853	4,835,790	3,331,810	1,503,980
Total Expenditures	11,048,225	13,693,985	10,143,755	3,550,230
Excess of Revenues Over Expenditures	332,756	137,312	205,544	68,232
Other Financing Sources (Uses)				
Transfers in	586,087	557,191	567,191	10,000
Transfers out	(881,644)	(889,055)	(849,055)	40,000
Other Financing Sources (Uses)	(295,557)	(331,864)	(281,864)	50,000
Net Change in Fund Balances	37,199	(194,552)	(76,320)	118,232
Fund Balances, Beginning of Year	1,709,311	1,709,311	1,709,311	-
Fund Balances, End of Year	\$ 1,746,510	\$ 1,514,759	\$ 1,632,991	\$ 118,232

See accompanying notes to basic financial statements.

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
Special Education Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2022

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Local sources	\$ 3,483,493	\$ 3,921,588	\$ 3,890,342	\$ (31,246)
Non-educational entity sources	4,138	54,138	50,000	(4,138)
State sources	3,403,571	3,580,487	3,610,585	30,098
Federal sources	1,874,710	2,203,561	1,841,017	(362,544)
Interdistrict sources	2,296,915	2,596,228	2,599,121	2,893
Total Revenues	<u>11,062,827</u>	<u>12,356,002</u>	<u>11,991,065</u>	<u>(364,937)</u>
Expenditures				
Current:				
Instruction:				
Added needs	2,455,482	2,594,424	2,547,400	47,024
Supporting services:				
Pupil services	4,825,600	5,609,687	5,228,234	381,453
Instructional staff services	866,372	902,009	820,770	81,239
General administrative services	27,740	33,740	17,822	15,918
School administration services	132,060	187,556	183,465	4,091
Business services	36,000	18,000	7,127	10,873
Operation and maintenance services	91,401	75,150	68,411	6,739
Pupil transportation services	886,618	920,667	923,562	(2,895)
Central services	70,910	60,440	49,306	11,134
Other supporting services	6,000	8,000	1,192	6,808
Community services	204,242	221,919	232,376	(10,457)
Interdistrict	1,738,937	1,519,988	1,513,678	6,310
Total Expenditures	<u>11,341,362</u>	<u>12,151,580</u>	<u>11,593,343</u>	<u>558,237</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(278,535)</u>	<u>204,422</u>	<u>397,722</u>	<u>193,300</u>
Other Financing Uses				
Transfers out	-	(452,689)	(452,689)	-
Net Change in Fund Balances	<u>(278,535)</u>	<u>(248,267)</u>	<u>(54,967)</u>	<u>193,300</u>
Fund Balances, Beginning of Year	<u>1,522,706</u>	<u>1,522,706</u>	<u>1,522,706</u>	<u>-</u>
Fund Balances, End of Year	<u><u>\$ 1,244,171</u></u>	<u><u>\$ 1,274,439</u></u>	<u><u>\$ 1,467,739</u></u>	<u><u>\$ 193,300</u></u>

See accompanying notes to basic financial statements.

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
CTE Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2022

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Local sources	\$ 2,530,860	\$ 2,572,256	\$ 2,576,190	\$ 3,934
State sources	268,348	266,697	139,959	(126,738)
Federal sources	96,975	112,243	112,243	-
Interdistrict sources	27,045	28,195	26,049	(2,146)
Total Revenues	<u>2,923,228</u>	<u>2,979,391</u>	<u>2,854,441</u>	<u>(124,950)</u>
Expenditures				
Current:				
Instruction:				
Added needs	83,511	94,079	93,771	308
Adult education services	96,618	71,611	47,470	24,141
Supporting services:				
Pupil services	73,566	123,094	46,059	77,035
Instructional staff services	168,518	179,624	161,546	18,078
General administration	2,000	1,550	1,550	-
School administration services	18,500	16,660	13,849	2,811
Business services	28,500	13,500	6,789	6,711
Operations and maintenance	35,100	28,736	23,483	5,253
Pupil transportation services	22,748	16,050	9,003	7,047
Central services	13,599	11,762	6,846	4,916
Interdistrict	2,525,020	2,669,059	2,321,018	348,041
Total Expenditures	<u>3,067,680</u>	<u>3,225,725</u>	<u>2,731,384</u>	<u>494,341</u>
Excess (Deficiency) of Revenues Over Expenditures	(144,452)	(246,334)	123,057	369,391
Other Financing Uses				
Transfers out	-	(25,024)	(25,024)	-
Net Change in Fund Balances	(144,452)	(271,358)	98,033	369,391
Fund Balances, Beginning of Year	<u>2,427,512</u>	<u>2,427,512</u>	<u>2,427,512</u>	<u>-</u>
Fund Balances, End of Year	<u><u>\$ 2,283,060</u></u>	<u><u>\$ 2,156,154</u></u>	<u><u>\$ 2,525,545</u></u>	<u><u>\$ 369,391</u></u>

See accompanying notes to basic financial statements.

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
Proprietary Funds
Statement of Net Position
June 30, 2022

	Business-Type Activities <u>Special Education Transportation Fund</u>	Governmental Activities <u>Travel Fund</u>
Assets		
Current Assets		
Cash equivalents, deposits and investments (Note B)	\$ 626,955	\$ 140,534
Due from other governmental units	<u>287,087</u>	<u>-</u>
Total Current Assets	<u>914,042</u>	<u>140,534</u>
Noncurrent Assets		
Buses	1,115,677	-
Vehicles	23,000	443,360
Less: accumulated depreciation	<u>(885,863)</u>	<u>(247,617)</u>
Total Noncurrent Assets	<u>252,814</u>	<u>195,743</u>
Total Assets	<u>1,166,856</u>	<u>336,277</u>
Liabilities		
Current Liabilities		
Accounts payable	7,779	4,035
Due to other governmental units	793,714	-
Unearned revenue	<u>112,500</u>	<u>-</u>
Total Liabilities	<u>913,993</u>	<u>4,035</u>
Net Position		
Investment in capital assets	252,814	195,743
Unrestricted	<u>49</u>	<u>136,499</u>
Total Net Position	<u>\$ 252,863</u>	<u>\$ 332,242</u>

See accompanying notes to basic financial statements.

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position
For the year ended June 30, 2022

	Business-Type Activities	Governmental Activities
	Special Education Transportation Fund	Travel Fund
Operating Revenues		
Local sources	\$ 844,465	\$ 105,951
Incoming transfers and other Financial sources	444,132	-
Total Operating Revenues	<u>1,288,597</u>	<u>105,951</u>
Operating Expenses		
Salaries	594,204	-
Employee benefits	461,083	-
Purchased services	63,523	32,000
Supplies and materials	162,375	36,496
Miscellaneous	7,417	277
Depreciation expense	97,615	35,797
Total Operating Expenses	<u>1,386,217</u>	<u>104,570</u>
Operating Income (Loss)	(97,620)	1,381
Nonoperating Revenues		
Investment income	-	209
Capital contributions	23,000	-
Total Nonoperating Revenues	<u>23,000</u>	<u>209</u>
Change In Net Position	(74,620)	1,590
Net Position, Beginning of Year	<u>327,483</u>	<u>330,652</u>
Net Position, End of Year	<u>\$ 252,863</u>	<u>\$ 332,242</u>

See accompanying notes to basic financial statements.

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
Proprietary Funds
Statement of Cash Flows
For the year ended June 30, 2022

	Business-Type Activities	Governmental Activities
	Special Education Transportation Fund	Travel Fund
Cash Flows From Operating Activities		
Receipts from local districts	\$ 380,072	\$ 105,951
Receipts from interfund services provided	844,465	-
Payments to suppliers	(208,229)	(65,385)
Payments to employees	(1,055,287)	-
Net Cash Provided (Used) By Operating Activities	<u>(38,979)</u>	<u>40,566</u>
Cash Flows From Investing Activities		
Interest received	-	209
Net Increase (Decrease) In Cash and Cash Equivalents	(38,979)	40,775
Cash and Cash Equivalents, Beginning of Year	<u>665,934</u>	<u>99,759</u>
Cash and Cash Equivalents, End of Year	<u>\$ 626,955</u>	<u>\$ 140,534</u>
Reconciliation of Operating Income (Loss) To Net Cash Provided (Used) By Operating Activities		
Operating income (loss)	<u>\$ (97,620)</u>	<u>\$ 1,381</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	97,615	35,797
Changes in assets and liabilities:		
Increase in due from other governmental units	(86,560)	-
Increase in accounts payable	4,651	3,388
Increase in due to other governmental units	20,435	-
Increase in unearned revenue	22,500	-
Total adjustments	<u>58,641</u>	<u>39,185</u>
Net Cash Provided (Used) By Operating Activities	<u>\$ (38,979)</u>	<u>\$ 40,566</u>

See accompanying notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2022

Note A – Summary of Significant Accounting Policies

Eastern Upper Peninsula Intermediate School District (the “District”) was organized under the School Code of the State of Michigan, and services a population of approximately 6,404 students. The District is governed by an elected Board of Education consisting of seven members and administered by a Superintendent who is appointed by the aforementioned Board. The District provides a comprehensive range of educational services to students and local school districts, as specified by state statute and Board of Education policy, including instruction, pupil support services, special education, pupil transportation and general administrative services. The Board of Education also has broad financial responsibilities, including the approval of the annual budgets and the establishment of a system of accounting and budgetary controls.

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

The District’s significant accounting policies are described below.

1. Reporting Entity

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

2. District-wide and Fund Financial Statements

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes, unrestricted state aid, interest earnings and other items not included among program revenues are reported instead as *general revenues*.

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Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The General Fund, the Special Education Special Revenue Fund, the Career and Technical Education (CTE) Fund and the Building Capital Projects Fund are the District's major funds. Nonmajor funds are aggregated and presented in a single column.

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

Revenues are recognized when susceptible to accrual, i.e., both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Expenditures are generally recorded when the liability is incurred if they are paid within 60 days after the end of the current fiscal period. The exception to this general rule is that principal and interest on long-term debt is recognized when due.

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

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

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

Governmental Funds

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

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Major Funds:

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

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

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

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

Nonmajor Funds:

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

Proprietary Funds

The District reports the following proprietary funds:

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

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

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

4. Budgets and Budgetary Accounting

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

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

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

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

5. Encumbrances

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

6. Investments

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

7. Prepaid Items

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

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
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8. Capital Assets

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

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

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

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

9. Long-term Obligations

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

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

10. Accumulated Sick Leave

Accumulated sick leave at June 30, 2022 has been computed and recorded in the basic financial statements of the District. Employees who leave the District are entitled to reimbursement for a portion of their unused sick days. At June 30, 2022, the accumulated liabilities, including salary related payments, (expected to be financed by the various District funds) for accumulated sick leave amounted to \$76,650.

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11. Retirement Plan

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

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

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

12. Postemployment Benefits Other Than Pensions

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

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

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13. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has two such items that qualify for reporting in this category: the deferred outflows of resources relating to the recognition of net pension liability on the financial statements and the deferred outflows of resources relating to the recognition of net OPEB liability on the financial statements.

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

14. Net Position

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

15. Fund Balance

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

- Nonspendable – resources that cannot be spent because they are either (a) not in spendable form (inventories and prepaid amounts) or (b) legally or contractually required to be maintained intact (the principal of a permanent fund).
- Restricted – resources that cannot be spent because of (a) constraints externally imposed by creditors (debt covenants), grantors, contributors, or laws or regulations or (b) imposed by law through constitutional provisions or enabling legislation and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.
- Committed – resources that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority (Board of Education). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified uses by taking the same type of action it employed to previously commit those amounts. Committed fund balance does not lapse at year end.

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- Assigned – resources that are constrained by the government’s *intent* to be used for specific purposes but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body or official to which the governing body has designated the authority to assign amounts to be used for specific purposes. Assigned fund balance does not lapse at year end.
- Unassigned – unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

As of June 30, 2022, Eastern Upper Peninsula Intermediate School District had not established a policy for its use of unrestricted fund balance amounts; it considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

16. Interfund Activity

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

17. Estimates

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

Note B – Cash Equivalents, Deposits, and Investments

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

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

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- Banker’s acceptances issued by a bank that is a member of the Federal Deposit Insurance Corporation.
- Mutual funds composed entirely of investment vehicles which are legal for direct investment by a school district in Michigan.
- Investment pools, as authorized by the surplus funds investment pool act, Act No. 367 of the Public Acts of 1982, being sections 129.11 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a school district in Michigan.

Balances at June 30, 2022 related to cash equivalents and investments are detailed in the Basic Financial Statements as follows:

Statement of Net Position:	
Governmental activities	\$ 15,697,477
Business-Type Funds:	
Proprietary Funds	<u>626,955</u>
	<u>\$ 16,324,432</u>

Cash Equivalents

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

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

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

June 30, 2022 balances are detailed as follows:

Cash equivalents	<u>\$ 7,037,640</u>
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Custodial Credit Risk Related to Deposits

Custodial credit risk is the risk that in the event of bank failure, the District’s deposits may not be returned to the District. Protection of District deposits is provided by the Federal Deposit Insurance Corporation. At year end, the carrying amount of the District’s cash equivalents was \$7,037,640, and the bank balance was \$7,165,575 of which \$750,000 was covered by federal depository insurance and \$6,415,575 was uninsured and uncollateralized.

Investments

As of June 30, 2022 the District had the following investments:

Surplus Funds Investment Pool Accounts:	
Michigan Liquid Asset Fund (MILAF+ Cash Mgmt)	\$ 6,021
Michigan Liquid Asset Fund (MILAF+ MAX Class)	<u>9,280,771</u>
	<u>\$ 9,286,792</u>

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

Custodial Credit Risk Related to Investments

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the District may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District will minimize custodial credit risk by limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the District will do business. At June 30, 2022, the District had no investments that were subject to custodial credit risk.

Credit Risk

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

Interest Rate Risk

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

Concentration of Credit Risk

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

Foreign Currency Risk

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

Note C – State School Aid/Property Taxes

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

The State of Michigan utilizes a foundation allowance approach, which provides for a specific annual amount of revenue per student based on a State-wide formula. The foundation allowance is funded from a combination of State and local sources. Revenues from State sources are primarily governed by the School Aid Act and the School Code of Michigan. The State portion of the foundation is provided from the State's School Aid Fund and is recognized as revenues in accordance with State law and accounting principles generally accepted in the United States of America. These State revenues pass through to Michigan school districts in the form of a per pupil "Foundation Allowance" paid on a "blended count" of District pupil membership in February 2021 and October 2021.

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

Eastern Upper Peninsula Intermediate School District’s State Aid pupil membership for 2021-22 was 6,404 “full-time equivalent students.” This generated \$8,236,352 in “categorical” state aid payments to the District of which \$1,381,483 was paid to the District in July and August 2022 and included in “Due From Other Governmental Units” of the General Fund, Special Education Special Revenue Fund, and Career and Technical Education Special Revenue Fund of the District.

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

As Eastern Upper Peninsula Intermediate School District electors had previously (November 2018) approved an operating millage extension, the .2 property tax millage was levied in the District for 2022.

The District levied 2.0 mills for special and vocational education purposes in 2022, applied on all taxable property in the District.

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

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

For the year ended June 30, 2022, there were no businesses located within the Eastern Upper Peninsula Intermediate School District boundaries with an active IFE certificate.

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Notes to Basic Financial Statements
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Note D – Interfund Receivables/Payables and Transfers

Transfers between funds for budgeted transfers and to allocate costs to the between funds were as follows at June 30, 2022:

	Transfers In	Transfers Out
Major Funds		
General Fund:		
Special Revenue Funds:		
Special Education Fund	\$ 369,582	\$ -
Career and Technical Education Fund	25,024	-
Cooperative Activities Fund	162,585	82,055
EUP Collaborate Fund	10,000	-
Capital Projects Fund:		
Building Fund	-	767,000
	567,191	849,055
Special Revenue Fund:		
Special Education Fund:		
General Fund	-	369,582
Cooperative Activities Fund	-	83,107
Career and Technical Education Fund:		
General Fund	-	25,024
	-	477,713
Capital Projects Fund:		
Building Fund:		
General Fund	767,000	-
Total Major Funds	1,334,191	1,326,768
Nonmajor Funds		
Special Revenue Funds:		
Cooperative Activities Fund:		
General Fund	82,055	162,585
Special Revenue Funds:		
Special Education Fund	83,107	-
Business Services Consortium Fund	15,000	-
	180,162	162,585
EUP Collaborate Fund		
General Fund	-	10,000
Business Services Consortium Fund:		
Special Revenue Funds:		
Special Education Fund	-	15,000
	-	15,000
Total Nonmajor Funds	180,162	187,585
Total All Funds	\$ 1,514,353	\$ 1,514,353

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2022

Note E – Capital Assets

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

	<u>Balances July 1, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances June 30, 2022</u>
Capital assets not being depreciated:				
Land	\$ 68,616	\$ -	\$ -	\$ 68,616
Construction in progress	144,078	2,464,184	-	2,608,262
Total capital assets not being depreciated	<u>212,694</u>	<u>\$ 2,464,184</u>	<u>\$ -</u>	<u>2,676,878</u>
Capital assets being depreciated:				
Land improvements	256,511	\$ -	\$ -	256,511
Buildings and improvements	1,614,995	-	-	1,614,995
Furniture and equipment	1,262,627	33,830	1,413	1,295,044
Vehicles	492,866	25,843	-	518,709
Total capital assets being depreciated	<u>3,626,999</u>	<u>\$ 59,673</u>	<u>\$ 1,413</u>	<u>3,685,259</u>
Less accumulated depreciation for:				
Land improvements	159,895	\$ 8,199	\$ -	168,094
Buildings and improvements	895,330	38,380	-	933,710
Furniture and equipment	912,459	60,358	1,413	971,404
Vehicles	233,237	47,421	-	280,658
Total accumulated depreciation	<u>2,200,921</u>	<u>\$ 154,358</u>	<u>\$ 1,413</u>	<u>2,353,866</u>
Total capital assets being depreciated, net	<u>1,426,078</u>			<u>1,331,393</u>
Net Capital Assets	<u>\$ 1,638,772</u>			<u>\$ 4,008,271</u>

Depreciation expense was charged to District activities as follows:

Governmental activities:	
Supporting services	<u>\$ 154,358</u>

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
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June 30, 2022

Business-Type Activities	Balances July 1, 2021	Additions	Deductions	Balances June 30, 2022
Capital assets being depreciated:				
Buses	\$ 1,115,677	\$ -	\$ -	\$ 1,115,677
Vehicles	7,200	23,000	7,200	23,000
Total capital assets being depreciated	<u>1,122,877</u>	<u>\$ 23,000</u>	<u>\$ 7,200</u>	<u>1,138,677</u>
Less accumulated depreciation for:				
Buses	788,248	\$ 91,865	\$ -	880,113
Vehicles	7,200	5,750	7,200	5,750
Total accumulated depreciation	<u>795,448</u>	<u>\$ 97,615</u>	<u>\$ 7,200</u>	<u>885,863</u>
Net Capital Assets	<u>\$ 327,429</u>			<u>\$ 252,814</u>

Depreciation expense was charged to District activities as follows:

Business-type activities:	
Special Education transportation services	<u>\$ 97,615</u>

Note F – Long-term Obligations

Changes in long-term obligations for the year ended June 30, 2022 are summarized as follows:

	Debt Outstanding July 1, 2021	Debt Added	Debt Retired	Adjustments	Debt Outstanding June 30, 2022
General obligation bonds:					
2021 Building & Site Bond	\$ -	\$ 3,460,000	\$ 245,000	\$ -	\$ 3,215,000
Lease liability	95,891	-	95,891	-	-
Accumulated sick leave	97,684	23,716	14,476	(30,274)	76,650
	<u>\$ 193,575</u>	<u>\$ 3,483,716</u>	<u>\$ 355,367</u>	<u>\$ (30,274)</u>	<u>\$ 3,291,650</u>

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Long-term obligations at June 30, 2022 are comprised of the following:

	Final Maturity Dates	Interest Rates	Outstanding Balance	Amount Due Within One Year
General Obligation Bonds				
\$3,460,000 Building and Site: Annual maturities of \$245,000 to \$325,000	Sept. 21, 2021	2.17%	\$ 3,215,000	\$ 260,000
Other Obligations				
Accumulated sick leave			76,650	20,000
			<u>\$ 3,291,650</u>	<u>\$ 280,000</u>

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

Year Ended June 30	Principal	Interest	Total
2023	\$ 260,000	\$ 69,766	\$ 329,766
2024	265,000	64,124	329,124
2025	275,000	58,374	333,374
2026	280,000	52,406	332,406
2027	285,000	46,330	331,330
2028	290,000	40,146	330,146
2029	300,000	33,852	333,852
2030	305,000	27,342	332,342
2031	310,000	20,724	330,724
2032	320,000	13,996	333,996
2033	325,000	7,052	332,052
	<u>\$ 3,215,000</u>	<u>\$ 434,112</u>	<u>\$ 3,649,112</u>

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Note G – Retirement Plan

Plan Description

The Michigan Public School Employees’ Retirement System (MPSERS) (the “System”) is a cost-sharing, multiple-employer, state-wide, defined benefit public employee retirement system 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 the ex-officio member.

The System’s pension plan was established by the State to provide retirement, survivor, and disability benefits to public school employees. In addition, the System’s health plan provides all retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees’ Retirement Act (1980 PA 300 as amended).

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

The System’s financial statements are available at www.michigan.gov/orsschools.

Participants are enrolled in one of multiple plans based on date of hire and certain voluntary elections. A summary of pension plans offered by MPSERS are detailed as follows:

Plan Name	Plan Type	Plan Status
Basic	Defined Benefit	Closed
Member Investment Plan (MIP)	Defined Benefit	Closed
Pension Plus	Hybrid	Closed
Defined Contribution	Defined Contribution	Open
Pension Plus 2	Hybrid	Open

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.

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Pension Reform 2010

On May 19, 2010, the Governor signed Public Act 75 of 2010 into law. As a result, any member of MPSERS who became a member of MPSERS after June 30, 2010 is a Pension Plus member. Pension Plus is a hybrid plan that contains a pension component with an employee contribution (graded up to 6.4% of salary) and a flexible and transferable defined contribution (DC) tax-deferred account that earns an employer match of 50% (up to 1% of salary) on employee contributions. Retirement benefits for Pension Plus members are determined by final average compensation and years of service. Disability and survivor benefits are available to Pension Plus members.

Pension Reform 2012

On September 4, 2012, the Governor signed Public Act 300 of 2012 into law. The legislation grants all active members who first became a member before July 1, 2010 and 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 pension. Any changes to a member's pension 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 the reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund.

Option 1 members voluntarily elected to increase their contributions to the pension fund as noted below and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they terminate public school employment.

- Basic Plan members; 4% contribution
- Member Investment Plan (MIP)-Fixed, MIP-Graded, and MIP-Plus members: a flat 7% contribution

Option 2 members voluntarily elected to increase their contribution to the pension fund as stated in Option 1 and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they reach 30 years of service. If and when they reach 30 years of service, their contribution rates will return to the previous level in place as of the day before their transition date (0% for Basic Plan members, 3.9% for MIP-Fixed, up to 4.3% for MIP-Graded, or up to 6.4% for MIP-Plus). The pension formula for any service thereafter would include a 1.25% pension factor.

Option 3 members voluntarily elected not to increase their contribution to the pension fund and maintain their current level of contribution to the pension fund. The pension formula for their years of service as of the day before their transition date will include a 1.5% pension factor. The pension formula for any service thereafter will include a 1.25% pension factor.

Option 4 members voluntarily elected to no longer contribute to the pension fund and therefore are switched to the Defined Contribution plan for future service as of their transition date. As a DC participant they receive a 4% employer contribution to a tax-deferred 401(k) account and can choose to contribute up to the maximum amounts permitted by the IRS to a 457 account. They vest in employer contributions and related earnings in their 401(k) account based on the following schedule: 50% at 2 years, 75% at 3 years, and 100% at 4 years of service. They are 100% vested in any personal contributions and related earnings in the 457 accounts. Upon retirement, if they meet age and service requirements (including their total years of service), they would also receive a pension (calculated based on years of service and Final Average Compensation as of the day before their transition date and a 1.5% pension factor).

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT

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Members who did not make an election before the deadline defaulted to Option 3 as described above. Deferred or nonvested public school employees on September 3, 2012, who return to public school employment on or after September 4, 2012, will be considered as if they had elected Option 3 above. Returning members who made the retirement plan election will retain whichever option they chose. Employees who first work on or after September 4, 2012, choose between two retirement plans: the Pension Plus plan described above and a Defined Contribution (DC) plan that provides a 50% employer match (up to 3% of salary) on employee contributions. New employees are automatically enrolled as members in the Pension Plus plan as of their date of hire. They have 75 days from the last day of their first pay period, as reported to ORS, to elect to opt out of the Pension Plus plan and become a qualified participant in the DC plan; if no election is made, they will remain in the Pension Plus plan. If they elect to opt out of the Pension Plus plan, their participation in the DC plan will be retroactive to their date of hire.

Pension Reform of 2017

On July 13, 2017, the Governor signed Public Act 92 of 2017 into law. The legislation closed the Pension Plus plan to newly hired employees as of February 1, 2018 and created a new, optional Pension Plus 2 plan with similar plan benefit calculations but containing a 50/50 contribution share between the employee and the employer, including the cost of future unfunded liabilities. The assumed rate of return on the Pension Plus 2 plan is 6%. Further, under certain adverse actuarial conditions, the Pension Plus 2 plan would close to new employees if the actuarial funded ratio falls below 85% for two consecutive years. The law includes other provisions to the retirement eligibility age, plan assumptions, and unfunded liability payment methods.

Regular Retirement

The retirement benefit for DB and Pension Plus plan members is based on a member's years of credited service (employment) and final average compensation (FAC). The FAC is calculated based on the member's highest total wages earned during a specific period of consecutive calendar months divided by the service credit accrued during that same time period. For a Member Investment Plan (MIP) member, who became a member of MPSERS prior to July 1, 2010, the averaging period is 36 consecutive months. For a Pension Plus member, who became a member of MPSERS after June 30, 2010, the averaging period is 60 consecutive months. For a Basic Plan member, this is the 60 consecutive months yielding the highest total wages. The annual pension is paid monthly for the lifetime of a retiree. The calculation of a member's pension is determined by their pension election under PA 300 of 2012 and is shown below:

Option 1: $FAC \times \text{total years of service} \times 1.5\%$

Option 2: $FAC \times 30 \text{ years of service} \times 1.5\% + FAC \times \text{years of service beyond 30} \times 1.25\%$

Option 3: $FAC \times \text{years of service as of transition date} \times 1.5\% + FAC \times \text{years of service after transition date} \times 1.25\%$

Option 4: $FAC \text{ as of transition date} \times \text{years of service as of transition date} \times 1.5\%$

A MIP member who became a member of MPSERS prior to July 1, 2010 may retire at:

- age 46 with 30 or more years of credited service; or
- age 60 with 10 or more years of credited service; or
- age 60 with 5 years of credited service provided the member has worked through his or her 60th birthday and has credited service in each of the five school fiscal years immediately preceding the retirement effective date.

A Pension Plus member may retire at age 60 with 10 or more years of credited service.

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A Pension Plus 2 member may retire at age 60 with 10 or more years of credited service. Section 81c(5) of PA 300 as amended requires the regular retirement age to be increased in whole year increments based on the results of mortality analysis five-year actuarial experience studies performed after October 1, 2019 and the actuarial funding status of the plan. If the regular retirement age for Pension Plus 2 members is increased in accordance with this provision, members within five years of retirement from the effective date of the increase are automatically exempted and the retirement board may additionally authorize those between five and eight years of the then current retirement age to be exempted.

A Basic Plan member may retire at:

- age 55 with 30 or more years of service; or
- age 60 with 10 or more years of service.

There is no mandatory retirement age.

Early Retirement

A MIP or Basic member may retire with an early permanently reduced pension:

- after completing at least 15 but less than 30 years of credited service; and
- after attaining age 55; and
- with credited service in each of the 5 school years immediately preceding the pension effective date.

The early pension is computed in the same manner as a regular pension but is permanently reduced 0.5% for each full and partial month between the pension effective date and the date the member will attain age 60.

Deferred Retirement

If a member terminates employment before attaining the age qualification, but after accruing 10 or more years of credited service, the member becomes a deferred member and is eligible for a pension at the time the age qualification is attained.

Non-Duty Disability Benefit

A member with 10 or more years of credited service who becomes totally and permanently disabled due to any non-duty related cause and who has not met the age requirement for a regular pension is eligible for a non-duty disability pension computed in the same manner as an age and service pension, upon recommendation from the member's personal physician and the Retirement Board physician and the approval of the Retirement Board. An Annual Certification of Disability is conducted each January. Upon prior approval, total disability benefits plus authorized outside earnings are limited to 100% of final average compensation (increased by 2% for each year retired; first year 100%, next year 102%, etc.).

Duty Disability Benefit

A member who becomes totally and permanently disabled as a result of a duty-related cause, who has not met the age and service requirement for a regular pension, and who is in receipt of weekly workers' compensation is eligible for a duty disability pension computed in the same manner as an age and service pension (but based upon a minimum of 10 years of service) upon recommendation from the member's personal physician and the Retirement Board physician and the approval of the Retirement Board. An Annual Certification of Disability is conducted each January. Upon prior approval, total disability benefits plus authorized outside earnings are limited to 100% of final average compensation (increased by 2% for each year retired; first year 100%, next year 102%, etc.).

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Pension Payment Options

The election of a pension option is made at the time of application. Once a member has retired, the option choice is irrevocable. The pension effective date is the first of the calendar month following the date the member has satisfied the age and service requirements, has terminated public school employment, and has the completed application forms on file with the System for a period of 15 days. A retroactive pension can be paid for no more than 12 calendar months. Thus, delay in filing the application can result in a loss of some retroactive pension benefits. An applicant may select only one of the following options.

Straight Life Pension – the Straight Life Pension pays the largest level pension a retiree can receive during his or her lifetime and stops with the month of the retiree’s death. There are no monthly benefits for a beneficiary. The pension benefit is computed with no beneficiary rights. If the retiree made contributions while an employee and has not received the total accumulated contributions before death, a refund of the balance of the contributions is made to the beneficiary of record. If the retiree did not make any contributions, there will not be payments to any beneficiaries.

Survivor Options - Under the Survivor Options, 100% Survivor Pension, 100% Equated, 75% Survivor Pension, 75% Equated, 50% Survivor Pension and 50% Equated, the reduction is an actuarial determination dependent upon the combined life expectancies of a retiree and a beneficiary and varies from case to case. A beneficiary may only be a spouse, brother, sister, parent, or child (including an adopted child) of a retiring member. If the beneficiary predeceases a retiree, the pension will revert to either the Straight Life or Straight Life Equated amount (“pop-up” provision). If, however, a retiree was single at the time of retirement and subsequently married, the retiree can request to nominate a new spouse if they elected the straight life option at retirement. Also, if a retiree was married at the time of retirement and has since been widowed and remarried, the retiree can request to nominate a new spouse as a pension beneficiary as long as they elected a survivor option for the spouse at the time of retirement.

100% Survivor Pension – pays a reduced pension to a retiree. The month after a retiree’s death, the same amount will be paid to a designated beneficiary for the remainder of his or her lifetime.

75% Survivor Pension – pays a reduced pension to a retiree. The month after a retiree’s death, 75% of the pension amount will be paid to a designated beneficiary for the remainder of his or her lifetime.

50% Survivor Pension – pays a reduced pension to a retiree. The month after a retiree’s death, 50% of the pension amount will be paid to a designated beneficiary for the remainder of his or her lifetime.

Equated Plan – For MIP and Basic members, the Equated Plan may be combined with the Straight Life, 100% Survivor, 75% Survivor, or 50% Survivor pension by any member under age 61, except a disability applicant. The Equated Plan provides a higher pension every month until age 62, at which time the monthly pension is permanently decreased to a lower amount than the Straight Life, 100%, 75%, or 50% Survivor alone would provide.

The intent of the Equated Plan is for the retiree’s pension to decrease at age 62 by approximately the same amount as that person’s Social Security benefit will provide. The System pension until age 62 should be about the same as the combined System pension and Social Security after age 62.

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
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The projected Social Security pension the retiring member obtains from the Social Security Administration and furnishes to the System is used in the Equated Plan calculation. The actual Social Security pension may vary from the estimate.

NOTE: The reduction in the pension at age 62 pertains to the Equated Plan only and affects only the retiree. A beneficiary under 100% Equated, 75% Equated or 50% Equated will receive the 100%, 75%, or 50% Survivor amount the month following the retiree's death as if the Equated Plan had not been chosen. A beneficiary does not participate in the Equated Plan.

Survivor Benefit

A non-duty survivor pension is available if a Member Investment Plan (MIP) member has 10 years of credited service or, if age 60 or older, with five years of credited service; the date they became a MIP member does not matter. The Basic Plan provides a survivor pension with 15 years of credited service or, if age 60 or older, with 10 years of credited service. An active member may nominate as a survivor beneficiary a spouse, child(ren) (including adopted child(ren)), brother, sister, or parent. If other than the spouse is nominated and a spouse exists, the spouse must waive this benefit. If no beneficiary has been nominated, the beneficiary is automatically the spouse; or, if there is no spouse, unmarried children under age 18 share the benefit equally until age 18. The benefit is computed as a regular pension but reduced in accordance with an Option 2 (100% survivor pension factor). The pension begins the first of the month following the member's death. In the event of death of a deferred member, the System begins payment to the nominated beneficiary at the time the member would have attained the minimum age qualification.

A duty survivor pension is payable if weekly Workers' Compensation is being paid to the eligible beneficiary due to the member's death. A spouse receives the benefit (based on a minimum of 10 years of service credit) reduced in accordance with a 100% survivor pension factor. If there is no spouse, unmarried children under age 18 share the benefit equally until age 18; if there is no spouse or child(ren), a disabled and dependent parent is eligible.

Postemployment Adjustments

A retiree who became a Member Investment Plan (MIP) member prior to July 1, 2010, receives an annual post-retirement non-compounded increase of 3% of the initial pension in the October following twelve months of retirement. Basic Plan members do not receive an annual post-retirement increase but are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions. Pension Plus members do not receive an annual post-retirement increase.

On January 1, 1990, pre-October 1, 1981 retirees received an increase that ranged from 1% to 22% dependent upon the pension effective date. On October 1, 1990, the base pension of all retirees with an effective pension date of January 1, 1987, or earlier was increased to include all prior post-retirement adjustments.

On January 1, 1986, all recipients through calendar year 1985 received a permanent 8% increase that established the 1986 base pension. In addition, each October, retirees with a pension effective date of January 1, 1987, or earlier receive a fixed increase equal to 3% of the base pension. Both increases are deducted from the distribution of excess investment income, if any. Beginning in 1983, eligible recipients receive an annual distribution of excess investment income, if any.

Contributions and Funded Status

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

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
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Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2020 valuation will be amortized over a 18-year period beginning October 1, 2020 and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for the plan fiscal year 2021.

Plan Name	Member	District
Basic	0.0 – 4.0 %	19.78%
Member Investment Plan (MIP)	3.0 – 7.0%	19.78%
Pension Plus	3.0 – 6.4 %	16.82%
Pension Plus 2	6.2%	19.59%
Defined Contribution	0.0%	13.39%

The District's contributions to MPERS under all pension plans for the year ended June 30, 2022, inclusive of the MSPERS UAAL Stabilization, totaled \$2,594,498.

MPERS Plan Net Pension Liability (in thousands)

Total Pension Liability	\$ 87,569,422
Plan Fiduciary Net Position	<u>63,332,155</u>
Net Pension Liability	<u>\$ 24,237,267</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	72.32%
Net Pension Liability as a Percentage of Covered Employee Payroll	261.49%
Total Covered Payroll	\$9,269,004

Proportionate Share of Reporting Unit's Net Pension Liability

At June 30, 2022, the District reported a liability of \$17,177,355 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2020. The District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the System during the measurement period by the percent of the pension contributions required from all applicable employers during the measurement period. At September 30, 2021 the District's proportion was 0.07255356%, which was an increase from 0.06701467% at September 30, 2020.

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
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June 30, 2022

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

For the year ended June 30, 2022, the District recognized pension expense of \$3,007,897. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 266,085	\$ 101,154
Changes of assumptions	1,082,799	—
Net difference between projected and actual earnings on pension plan investments	—	5,522,464
Changes in proportion and differences between District contributions and proportionate share of contributions	2,371,852	42,841
District contributions subsequent to the measurement date*	2,288,957	—
Total	\$ 6,009,693	\$ 5,666,459

* This amount, reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

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

Year ended June 30	Amount
2023	\$ 461,876
2024	(228,057)
2025	(849,124)
2026	(1,330,418)

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
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Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

Valuation Date:	September 30, 2020
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	
MIP and Basic Plans (Non-Hybrid):	6.80% net of investment expenses
Pension Plus Plan (Hybrid):	6.80% net of investment expenses
Pension Plus 2:	6.00% net of investment expenses
Projected Salary Increases:	2.75% - 11.55%, including wage inflation of 2.75%
Cost-of-Living Adjustments:	3% annual non-compounded for MIP members
Mortality:	
Retirees:	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:	RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Disabled Retirees:	RP-2014 Male and Female Disabled Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

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 pension valuations beginning with the September 30, 2018 valuation. The total pension liability as of September 30, 2021, is based on the results of an actuarial valuation date of September 30, 2020, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: [4.4892 for non-university employers].
- Recognition period for assets in years: 5.0000.
- Full actuarial assumptions are available in the 2021 MPSERS Annual Comprehensive Financial Report found on the ORS website at (www.michigan.gov/orsschools).

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Long-Term Expected Rate of Return on Investments

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2021 are summarized in the following table:

Investment Category	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	25.0%	5.4%
Private Equity Pools	16.0%	9.1%
International Equity Pools	15.0%	7.5%
Fixed Income Pools	10.5%	(0.7)%
Real Estate and Infrastructure Pools	10.0%	5.4%
Absolute Return Pools	9.0%	2.6%
Real Return/Opportunistic Pools	12.5%	6.1%
Short-term Investment Pools	2.0%	(1.3)%
Total	100.0%	

*Long-term rates of return are net of administrative expenses and 2.0% inflation.

Rate of Return

For the fiscal year ended September 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 27.3%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 6.80% was used to measure the total pension liability (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.80% (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan). The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
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June 30, 2022

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.80% (6.80% for the Pension Plus plan, 6.0% 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 5.8%/5.8%/5.0%	Current Single Discount Rate Assumption 6.8%/6.8%/6.0%	1% Increase 7.8%/7.8%/7.0%
District's proportionate share of the net pension liability	\$ 24,558,959	\$ 17,177,355	\$ 11,057,521

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

Detailed information about the pension plan's fiduciary net position is available in the separately issued Michigan Public School Employees' Retirement System September 30, 2021 Annual Comprehensive Financial Report, available here: (www.michigan.gov/orsschools).

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

Payables to the pension plan totaling \$243,074 at June 30, 2022 arise from the normal legally required contributions based on the accrued salaries payable at year end, expected to be liquidated with expendable available financial resources.

Note H – Other Postemployment Benefits

Plan Description

The Michigan Public School Employees' Retirement System (MPERS or "System") is a cost-sharing, multiple-employer, state-wide, defined benefit public employee retirement plan 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 Employees' Retirement Act (1980 PA 300 as amended).

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

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

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2022

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.

Retiree Healthcare Reform of 2012

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

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

Contributions and Funded Status

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

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
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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, 2020 valuation will be amortized over a 18-year period beginning October 1, 2020 and ending September 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for fiscal year ended September 30, 2021:

OPEB Contribution Rates:

Benefit Structure	Member	District
Premium Subsidy	3.0%	8.43%
Personal Healthcare Fund (PHF)	0.0 %	7.57%

Required contributions to the OPEB plan from the District were \$581,598 for the year ended June 30, 2022.

Net OPEB Liability (in thousands)

Total OPEB Liability	\$ 12,225,697
Plan Fiduciary Net Position	<u>10,742,198</u>
Net OPEB Liability	<u>\$ 1,483,499</u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	87.87%
Net OPEB Liability as a Percentage of Covered Employee Payroll	16.00%
Total Covered Payroll	\$ 9,269,004

Proportionate Share of Reporting Unit's Net OPEB Liability

At June 30, 2022, the District reported a liability of \$1,159,622 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2020. The District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the System during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2021 the District's proportion was 0.07597216%, which was an increase from 0.06880452% at September 30, 2020.

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
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OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the District recognized OPEB credit of \$357,020. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ —	\$ 3,310,059
Changes of assumptions	969,387	145,056
Net difference between projected and actual earnings on OPEB plan investments	—	874,028
Changes in proportion and differences between District contributions and proportionate share of contributions	994,469	16,321
District contributions subsequent to the measurement date*	450,287	—
Total	\$ 2,414,143	\$ 4,345,464

* This amount, reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023.

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

Year ended June 30	Amount
2023	\$ (582,828)
2024	(543,641)
2025	(546,969)
2026	(540,615)
2027	(148,123)
Thereafter	(19,432)

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.

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2022

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

Valuation Date:	September 30, 2020
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.95% net of investment expense
Projected Salary Increases:	2.75% - 11.55%, including wage inflation of 2.75%
Healthcare Cost Trend Rate:	Pre-65 - 7.75% Year 1 graded to 3.5% Year 15; 3.0% Year 120 Post-65 – 5.25% Year 1 graded to 3.50% Year 15; 3.0% Year 120
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:	RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Disabled Retirees:	RP-2014 Male and Female Disabled Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Other Assumptions:	
Opt Out Assumptions:	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.
Survivor Coverage:	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
Coverage Election at Retirement:	75% of male and 60% of female future retirees are assumed to elect coverage for one or more dependents.

Notes:

- Assumption changes as a result of an experience study for the period 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, 2021, is based on the results of an actuarial valuation date of September 30, 2020, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: [5.6018 for non-university employers].
- Recognition period for assets in years: 5.0000.
- Full actuarial assumptions are available in the 2021 MPSERS Annual Comprehensive Financial Report found on the ORS website at www.michigan.gov/orsschools.

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2022

Long-Term Expected Rate of Return on Investments

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2021, are summarized in the following table:

Investment Category	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	25.0%	5.4%
Private Equity Pools	16.0%	9.1%
International Equity Pools	15.0%	7.5%
Fixed Income Pools	10.5%	(0.7)%
Real Estate and Infrastructure Pools	10.0%	5.4%
Absolute Return Pools	9.0%	2.6%
Real Return/Oppportunistic Pools	12.5%	6.1%
Short-term Investment Pools	2.0%	(1.3)%
Total	100.0%	

* Long-term rates of return are net of administrative expenses and 2.0% inflation.

Rate of Return

For the fiscal year ended September 30, 2021, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 27.14%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 6.95% 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 6.95%. 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.

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2022

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

The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 6.95 percent, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease 5.95%	Current Discount Rate 6.95%	1% Increase 7.95%
District's proportionate share of the net OPEB liability	\$ 2,154,787	\$ 1,159,622	\$ 315,082

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 the net OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 282,243	\$ 1,159,622	\$ 2,146,780

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2021 MPSERS ACFR, available on the ORS website at www.michigan.gov/orsschools.

Payables to the OPEB Plan

Payables to the OPEB plan totaling \$10,045 at June 30, 2022 arise from the normal legally required contributions based on the accrued salaries payable at year end, expected to be liquidated with expendable available financial resources.

Note I – Risk Management and Benefits

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

There were no significant reductions in insurance coverage in fiscal 2021-22, and as of year ended June 30, 2022, there were no material pending claims against the District.

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2022

Note J – Stewardship, Compliance and Accountability

The District has an unrestricted net position deficit of \$18,368,674 and a total net position deficit of \$7,109,217, as of June 30, 2022. These deficit net positions result primarily from the net pension and OPEB liabilities of \$16,834,121 and \$3,090,943, respectively (net of deferred outflows and inflows of resources related to the pension and OPEB plans).

Note K – New Accounting Pronouncement Adopted

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* was adopted by the District during the fiscal year ending June 30, 2022. This statement enhances the relevance and consistency of information about governments' leasing activities by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The District was not required to recognize a right-to-use lease asset or lease liability as of July 1, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
MPSERS Cost-sharing Multiple-employer Plan
June 30, 2022

	<u>Year Ended</u> <u>June 30, 2022</u>	<u>Year Ended</u> <u>June 30, 2021</u>	<u>Year Ended</u> <u>June 30, 2020</u>
District's proportion of the net pension liability	0.07255356%	0.06701467%	0.06304277%
District's proportionate share of the net pension liability	\$ 17,177,355	\$ 23,020,268	\$ 20,877,646
District's covered-employee payroll	\$ 6,918,881	\$ 6,122,380	\$ 5,679,536
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	248.27%	376.00%	367.59%
Plan fiduciary net position as a percentage of the total pension liability	72.60%	59.72%	60.08%

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

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

See accompanying notes to required supplementary information.

<u>Year Ended June 30, 2019</u>	<u>Year Ended June 30, 2018</u>	<u>Year Ended June 30, 2017</u>	<u>Year Ended June 30, 2016</u>	<u>Year Ended June 30, 2015</u>
0.05839787%	0.05533184%	0.05254424%	0.04851513%	0.04649827%
\$ 17,555,454	\$ 14,338,832	\$ 13,109,358	\$ 11,849,833	\$ 10,241,943
\$ 5,172,448	\$ 4,682,057	\$ 4,579,941	\$ 4,051,545	\$ 3,994,803
339.40%	306.25%	286.23%	292.48%	256.38%
62.12%	63.96%	63.01%	62.92%	66.15%

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net OPEB Liability
MPSERS Cost-sharing Multiple-employer Plan
June 30, 2022

	Year Ended June 30, 2022	Year Ended June 30, 2021
District's proportion of the net OPEB liability	0.07597216%	0.06880452%
District's proportionate share of the net OPEB liability	\$ 1,159,622	\$ 3,686,042
District's covered-employee payroll	\$ 6,918,881	\$ 6,122,380
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	16.76%	60.21%
Plan fiduciary net position as a percentage of the total OPEB liability	87.33%	59.44%

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

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

See notes to required supplementary information.

<u>Year Ended June 30, 2020</u>	<u>Year Ended June 30, 2019</u>	<u>Year Ended June 30, 2018</u>
0.06491822%	0.06075657%	0.05529883%
\$ 4,659,666	\$ 4,829,510	\$ 4,896,972
\$ 5,679,536	\$ 5,172,448	\$ 4,682,057
82.04%	93.37%	104.59%
48.67%	43.10%	36.53%

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
Required Supplementary Information
Schedule of District Pension Contributions
MPSERS Cost-sharing Multiple-employer Plan
June 30, 2022

	Year Ended June 30, 2022	Year Ended June 30, 2021	Year Ended June 30, 2020
Contractually required contribution	\$ 2,594,498	\$ 2,192,458	\$ 1,825,392
Contributions in relation to the contractually required contribution	<u>2,594,498</u>	<u>2,192,458</u>	<u>1,825,392</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 7,195,664	\$ 6,655,931	\$ 5,902,790
Contributions as a percentage of covered employee payroll	36.06%	32.94%	30.92%

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

See notes to required supplementary information.

<u>Year Ended June 30, 2019</u>	<u>Year Ended June 30, 2018</u>	<u>Year Ended June 30, 2017</u>	<u>Year Ended June 30, 2016</u>	<u>Year Ended June 30, 2015</u>
\$ 1,683,865	\$ 1,486,290	\$ 1,433,865	\$ 1,322,654	\$ 1,231,720
<u>1,683,865</u>	<u>1,486,290</u>	<u>1,433,865</u>	<u>1,322,654</u>	<u>1,231,720</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,664,618	\$ 5,061,066	\$ 4,564,945	\$ 4,360,911	\$ 3,997,516
29.73%	29.37%	31.41%	30.33%	30.81%

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
Required Supplementary Information
Schedule of District OPEB Contributions
MPSERS Cost-sharing Multiple-employer Plan
June 30, 2022

	<u>Year Ended June 30, 2022</u>	<u>Year Ended June 30, 2021</u>	<u>Year Ended June 30, 2020</u>
Contractually required contribution	\$ 581,598	\$ 524,070	\$ 480,115
Contributions in relation to the contractually required contribution	<u>581,598</u>	<u>524,070</u>	<u>480,115</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 7,195,664	\$ 6,655,931	\$ 5,902,790
Contributions as a percentage of covered employee payroll	8.08%	7.87%	8.13%

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

See notes to required supplementary information.

<u>Year Ended June 30, 2019</u>	<u>Year Ended June 30, 2018</u>
\$ 452,048	\$ 375,804
<u>452,048</u>	<u>375,804</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 5,664,618	\$ 5,061,066
7.98%	7.43%

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
Notes to Required Supplementary Information
June 30, 2022

Note A – Net Pension Liability and Contributions

Changes of benefit terms: There were no changes of benefit terms in 2021-22.

Changes of assumptions: There were no changes of benefit assumptions in 2021-22.

Note B – Net OPEB Liability and Contributions

Changes of benefit terms: There were no changes of benefit terms in 2021-22.

Changes of assumptions: There were no changes of benefit assumptions in 2021-22.

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2022

	Special Revenue			Total
	Cooperative Activities	Business Services Consortium	EUP Connect Collaborative	
Assets				
Cash equivalents, deposits and investments	\$ -	\$ 924,098	\$ 741,277	\$ 1,665,375
Accounts receivable	2,260	-	-	2,260
Due from other governmental units	1,193,837	53,682	-	1,247,519
Total Assets	\$ 1,196,097	\$ 977,780	\$ 741,277	\$ 2,915,154
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 771,476	\$ 1,084	\$ -	\$ 772,560
Due to other governmental units	5,044	712,987	-	718,031
Salaries payable	8,343	1,750	-	10,093
Unearned revenue	43,323	-	-	43,323
Total Liabilities	828,186	715,821	-	1,544,007
Fund Balances				
Restricted	367,911	261,959	741,277	1,371,147
Total Liabilities and Fund Balances	\$ 1,196,097	\$ 977,780	\$ 741,277	\$ 2,915,154

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures and Changes in
Fund Balances - Nonmajor Governmental Funds
For the year ended June 30, 2022

	Special Revenue			Total
	Cooperative Activities	Business Services Consortium	EUP Connect Collaborative	
Revenues				
Local sources:				
Interest earnings	\$ 2,806	\$ 1,491	\$ 123	\$ 4,420
Other local sources	97,180	761,279	834,358	1,692,817
Total local sources	99,986	762,770	834,481	1,697,237
Interdistrict sources	1,747,281	630,841	-	2,378,122
Total Revenues	1,847,267	1,393,611	834,481	4,075,359
Expenditures				
Supporting services	1,680,259	599,191	80,720	2,360,170
Community services	-	-	2,484	2,484
Interdistrict	-	740,573	-	740,573
Debt service:				
Principal repayment	95,891	-	-	95,891
Interest and fiscal charges	3,138	-	-	3,138
Total Expenditures	1,779,288	1,339,764	83,204	3,202,256
Excess of Revenues Over Expenditures	67,979	53,847	751,277	873,103
Other Financing Sources (Uses)				
Transfers in	180,162	-	-	180,162
Transfers out	(162,585)	(15,000)	(10,000)	(187,585)
Total Other Financing Sources (Uses)	17,577	(15,000)	(10,000)	(7,423)
Net Change in Fund Balances	85,556	38,847	741,277	865,680
Fund Balances, Beginning of Year	282,355	223,112	-	505,467
Fund Balances, End of Year	\$ 367,911	\$ 261,959	\$ 741,277	\$ 1,371,147

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
Cooperative Activities Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Local sources	\$ 117,482	\$ 99,986	\$ (17,496)
Interdistrict sources	1,794,545	1,747,281	(47,264)
Total Revenues	<u>1,912,027</u>	<u>1,847,267</u>	<u>(64,760)</u>
Expenditures			
Supporting services:			
General administration services	2,000	1,440	560
Business services	220	(557)	777
Operation and maintenance services	52,200	38,137	14,063
Central services	1,933,884	1,641,239	292,645
Debt service:			
Principal repayment	95,879	95,891	(12)
Interest and fiscal charges	3,149	3,138	11
Total Expenditures	<u>2,087,332</u>	<u>1,779,288</u>	<u>308,044</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(175,305)</u>	<u>67,979</u>	<u>243,284</u>
Other Financing Sources (Uses)			
Transfers in	180,162	180,162	-
Transfers out	(162,585)	(162,585)	-
Other Financing Sources (Uses)	<u>17,577</u>	<u>17,577</u>	<u>-</u>
Net Change in Fund Balance	(157,728)	85,556	243,284
Fund Balance, Beginning of Year	<u>282,355</u>	<u>282,355</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 124,627</u>	<u>\$ 367,911</u>	<u>\$ 243,284</u>

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
Business Services Consortium Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Local sources	\$ 776,694	\$ 762,770	\$ (13,924)
Interdistrict sources	<u>627,601</u>	<u>630,841</u>	<u>3,240</u>
Total Revenues	<u>1,404,295</u>	<u>1,393,611</u>	<u>(10,684)</u>
Expenditures			
Supporting services:			
Business services	592,693	589,734	2,959
Central services	10,040	9,457	-
Interdistrict	<u>768,095</u>	<u>740,573</u>	<u>27,522</u>
Total Expenditures	<u>1,370,828</u>	<u>1,339,764</u>	<u>(31,064)</u>
Excess of Revenues Over Expenditures	33,467	53,847	20,380
Other Financing Uses			
Transfers out	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
Net Change in Fund Balance	18,467	38,847	20,380
Fund Balance, Beginning of Year	<u>223,112</u>	<u>223,112</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 241,579</u>	<u>\$ 261,959</u>	<u>\$ 20,380</u>

EASTERN UPPER PENINSULA INTERMEDIATE SCHOOL DISTRICT
EUP Connect Collaborative Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Local sources	\$ 827,678	\$ 834,481	\$ 6,803
Expenditures			
Supporting services:			
Business services	500	151	349
Non-instructional technology services	150,044	80,569	69,475
Community services	<u>20,000</u>	<u>2,484</u>	<u>17,516</u>
Total Expenditures	<u>170,544</u>	<u>83,204</u>	<u>(87,340)</u>
Excess of Revenues Over Expenditures	657,134	751,277	94,143
Other Financing Uses			
Transfers out	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
Net Change in Fund Balance	647,134	741,277	94,143
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 647,134</u></u>	<u><u>\$ 741,277</u></u>	<u><u>\$ 94,143</u></u>