

YALE PUBLIC SCHOOLS

REPORT ON FINANCIAL STATEMENTS
(with required supplementary and additional
supplementary information)

JUNE 30, 2022

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October 3, 2022

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Yale Public Schools

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Yale Public Schools, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Yale Public Schools, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Yale Public Schools 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.

Change in Accounting Principle

As discussed in Note 15 to the financial statements, in 2022 the District adopted new accounting guidance, GASB Statement No. 87, Leases. Our opinions are not modified with respect to this matter.

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 Yale Public Schools' 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.

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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 Yale Public Schools' 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 Yale Public Schools' 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 budgetary comparison information as identified 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 Yale Public Schools' basic financial statements. The accompanying combining and individual nonmajor fund financial statements, other schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, other schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2022, on our consideration of the Yale Public Schools' 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 Yale Public Schools' 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 Yale Public Schools' internal control over financial reporting and compliance.

Lewis & Knopf, P.C.

LEWIS & KNOPF, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

YALE PUBLIC SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS

As administration of Yale Public Schools, 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.

Financial Highlights

- * The liabilities of the District exceeded its assets at the close of the most recent fiscal year by \$13,180,146 (net position).
- * The District's total net position increased by \$4,498,857. The increase was primarily due to receiving significant state and federal grant funds. Adjustments to both pension and related benefits calculated by the State caused a change of over four million dollars in the district's financial statements.
- * The general fund had an increase in fund balance of \$201,548. At the end of the year, unassigned fund balance for the general fund was \$3,678,018, or 17%, of total general fund expenditures. Total fund balance for the general fund was \$5,879,376, or 27%, of total general fund expenditures.

Overview of the District for the Fiscal Year

Students attending Yale Public School District continue to achieve academic success. COVID-related grants have provided sufficient funding to offer after-school, summer and tutoring services for students. These extra programs have mitigated learning loss and enabled students to move forward in their academic endeavors.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District financially as a whole. The District-Wide Financial Statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The financial statements then proceed to provide an increasingly detailed look at specific financial activities included in the fund financial statements. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements provide information about the School District's most significant funds - the General Fund and 2022 Building and Site Fund. All other funds are presented in one column as non-major funds.

YALE PUBLIC SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS

<u>MAJOR FEATURES OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS</u>			
	<u>District-Wide Statements</u>	<u>Fund Financial Statements</u>	
		<u>Governmental Funds</u>	<u>Fiduciary Funds (if any)</u>
Scope	Entire District (except Fiduciary Funds)	The activities of the District that are not proprietary or fiduciary such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as certain student activities monies
Required Financial Statements	* Statement of Net Position * Statement of Activities (Pages 1 and 2)	* Balance Sheet * Statement of Revenues, Expenditures and Changes in Fund Balances (Pages 3 and 5)	* Statement of Fiduciary Net Position * Statement of Changes in Fiduciary Net Position (Pages 7 and 8)
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting economic resources focus
Type of Asset/ Liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term, The District's funds do not currently contain capital assets, although they can
Type of Inflow/ Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received	All additions and deductions during year, regardless of when cash is received or paid

Fund Financial Statements

The fund financial statements are reported on a modified accrual basis and consist of governmental funds. Governmental funds include most of the District's basic services 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 on future District programs.

Fiduciary funds are for assets that belong to others, such as certain student activities funds where the District is the trustee or fiduciary. The District cannot use these assets to finance its operations but it is responsible to ensure that these funds are used for their intended purposes. Only measurable and currently available funds are reported. Liabilities to beneficiaries are recognized when an event has occurred that compels the District to disburse fiduciary resources. Some of these funds are established by State law and by bond covenants while others can be established for the District to control and manage money for a particular purpose such as school lunch and athletics.

YALE PUBLIC SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY OF NET POSITION:

<u>NET POSITION SUMMARY</u>		
	<u>2022</u>	<u>2021 *</u>
<u>ASSETS</u>		
Other Assets	\$28,570,335	\$11,209,786
Capital Assets	<u>19,333,064</u>	<u>20,161,021</u>
<u>TOTAL ASSETS</u>	\$47,903,399	\$31,370,807
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
	<u>8,425,597</u>	<u>10,697,046</u>
<u>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	\$56,328,996	\$42,067,853
<u>LIABILITIES</u>		
Other Liabilities	30,528,770	45,190,741
Long-Term Liabilities	<u>21,521,588</u>	<u>7,145,964</u>
Total Liabilities	\$52,050,358	\$52,336,705
<u>DEFERRED INFLOWS OF RESOURCES</u>		
	<u>17,458,484</u>	<u>7,410,151</u>
<u>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>	\$69,508,842	\$59,746,856
<u>NET POSITION</u>		
Net Investment in Capital Assets	13,869,924	13,521,876
Restricted	2,941,565	1,959,216
Unrestricted	<u>(29,991,635)</u>	<u>(33,160,095)</u>
<u>TOTAL NET POSITION</u>	<u>(\$13,180,146)</u>	<u>(\$17,679,003)</u>
* The 2021 figures have not been updated for the adoption of GASB 87.		

The above analysis focuses on the net position. The change in net position of the School District's governmental activities is discussed below. The net position differs from fund balances and a reconciliation appears on page 4.

The District's net position reflects its investment in capital assets, and capital projects (i.e. land, buildings, vehicles, equipment, and infrastructure), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position, \$2,941,565, represents resources that are subject to external restrictions on how they may be used. In the case of the School District, these amounts are restricted for debt service, and capital projects. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due.

The results of this year's operations for the School District as a whole are reported in the statement of activities (see table above), which shows the changes in net position for fiscal year 2022.

YALE PUBLIC SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS:

For the fiscal years ended June 30, 2022 and 2021, the District wide results of operations were:

	<u>2022</u>	<u>2021 *</u>
<u>REVENUES</u>		
<u>Program Revenues</u>		
Charges for Services	\$1,052,697	\$634,848
Operating Grants	<u>7,441,653</u>	<u>6,441,884</u>
Total Program Revenues	\$8,494,350	\$7,076,732
<u>General Revenues:</u>		
Property Taxes	5,566,709	5,377,608
State Sources - Unrestricted	12,084,405	11,701,151
Interdistrict Sources	814,981	831,380
Other General Revenues	<u>244,888</u>	<u>123,292</u>
Total General Revenues	<u>\$18,710,983</u>	<u>\$18,033,431</u>
Total Revenues	\$27,205,333	\$25,110,163
<u>EXPENSES</u>		
Instruction & Instructional Support	11,129,910	11,871,871
Support Services	8,223,572	7,914,180
Community Services/Latchkey	189,046	192,005
Food Service	1,070,538	809,447
Student Activities	465,943	271,581
Interest on Long-Term Debt	320,292	248,335
Bond Issuance Costs	205,759	0
Depreciation	<u>1,101,416</u>	<u>1,029,576</u>
Total Expenses	<u>\$22,706,476</u>	<u>\$22,336,995</u>
<u>CHANGE IN NET POSITION</u>	<u>\$4,498,857</u>	<u>\$2,773,168</u>
* The 2021 figures have not been updated for the adoption of GASB 87.		

The District's net position increased by \$4,498,857 during the current fiscal year. The increase in net position differs from the change in fund balances and a reconciliation appears on page 6.

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

Student Enrollment

Student enrollment decreased from 1,876 in 2020-21 to 1,807 in 2021-22.

YALE PUBLIC SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS

General Fund Budgeting and Operating Highlights

The School District's budgets are prepared according to Michigan law. The most significant budgeted funds are the General Fund and Debt Retirement Fund.

State law requires that the budget be amended to ensure that expenditures do not exceed appropriation. A schedule showing the School District's general fund original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements.

The general fund actual revenue and other financing sources was \$22,303,899. That amount is more than the final budget estimate of \$21,751,000. The variance was \$552,899 or 3%. The variance was primarily due to additional revenue recognized after the budget was adopted including a \$147,000 e-rate subsidy and 31o grant recognition of \$60,000. Additional use of ESSER III grant funds of \$90,000 and a July adjustment from the State for MPSERS 147e and 147a allocations contributed to the variance.

The actual expenditures and other financing uses of the general fund were \$22,102,351, which is below the final budget estimate of \$22,773,500. The variance was \$671,149 or 3%. The variance was mostly due to school buses included in the final budget (\$300,000) ordered in November 2021 not delivered by fiscal year end.

The general fund had total revenues of \$22,303,899 and total expenditures of \$22,102,351 with a net increase in fund balance of \$201,548 and an ending fund balance of \$5,879,376.

Capital Asset and Debt Administration

A. Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2022 amounted to \$19,333,064 (net of accumulated depreciation/amortization). This investment in capital assets included land; buildings and improvements; machinery and equipment, and licensed vehicles. Capital assets at fiscal year-end included the following:

	Capital Assets (Net of Depreciation)	
	2022	2021 *
Land	\$519,650	\$519,650
Buildings and Improvements	17,053,190	17,865,699
Equipment and Furniture	1,073,154	947,645
Vehicles	687,070	828,027
<u>Total capital assets, net</u>	<u>\$19,333,064</u>	<u>\$20,161,021</u>

* The 2021 figures have not been updated for the adoption of GASB 87.

Additional information on the District's capital assets can be found in Note 4.

YALE PUBLIC SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS

Capital Asset and Debt Administration (Continued)

B. Long-Term Debt

At the end of the current fiscal year, the District had total long-term debt outstanding of \$21,521,588. Long-term debt at fiscal year-end included the following:

	Long-Term Debt	
	2022	2021 *
General Obligation Bonds	\$21,221,737	\$6,848,398
Compensated Absences	299,851	297,566
<u>Total Long-Term Debt</u>	\$21,521,588	\$7,145,964

* The 2021 figures have not been updated for the adoption of GASB 87.

The District's total bonded debt decreased by \$1,875,000 during the current fiscal year due to the District making scheduled debt payments. The District issued \$13,800,000 in building and site bonds during the year. Additional information on the District's long-term debt can be found in Note 6.

Economic Factors and Next Year's Budget

The following factors will affect the District in the future and were considered in preparing the District's budget for the 2022-23 fiscal year:

* Foundation Allowance

The Board of Education and Administration agreed to an estimate of a foundation allowance of \$ 9,000, based on information received from various educational organizations such as Michigan School Business Officials, Michigan Association of School Administrators, and the Michigan Association of School Boards as well as discussions with local state representatives. The "super blend" calculation used for fiscal year 2021 has ended. The district adopted a budget using a blended rate of 1790 – 25 FTE down from the prior year. One-time pandemic-related grants were removed from the budget as well. The political debate regarding the funding of public education, the current economic climate in the State of Michigan will all affect this estimate before the final foundation allowance is known.

* Retirement Rate

The continuing cost of health insurance to current and potential retirees continues to drive the rate increase the Michigan School Employees Retirement System recommends to the legislature for approval. In 2022-2023, no increase for MPERS rates have been included in the budget. The majority of district payroll costs will be charged at the same rate effective October 1, 2022. Additionally, the District will be required to pay an estimated 16.65%, (up from 15.05% last year) for all wages earned October 1, 2022 and later, for the Unfunded Actuarial Accrued Liability (UAAL).

* The Yale Public Schools' 2022/2023 adopted budget is as follows:

<u>REVENUE</u>	\$21,660,400
<u>EXPENDITURES</u>	23,849,900
<u>NET (UNDER) BUDGET</u>	(\$2,189,500)

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the District's finances. If you have questions about this report or need additional information, contact the Business Office, Yale Public Schools.

BASIC FINANCIAL STATEMENTS

YALE PUBLIC SCHOOLS - YALE, MICHIGAN
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities
<u>ASSETS</u>	
Cash and Cash Equivalents	\$7,943,975
Investments	15,573,947
Receivables:	
Accounts Receivable	2,927
Due from Other Governmental Unit:	4,596,858
Taxes Receivable	431,779
Inventory	8,991
Prepaid Expenditures	11,858
Capital Assets, Not Being Depreciated - Land	519,650
Capital Assets, Net of Accumulated Depreciation/Amortization	18,813,414
Total Assets	\$47,903,399
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred Charge on Refunding	167,818
Related to Pensions	5,797,854
Related to Postemployment Benefit:	2,459,625
Total Deferred Outflows of Resource:	\$8,425,297
 <u>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	 \$56,328,696
 <u>LIABILITIES</u>	
Accounts Payable	165,094
Due to Other Governmental Unit:	303,447
Salaries Payable	1,185,462
Accrued Expenditures:	952,608
Unearned Revenue	336,792
Non-Current Liabilities - Due Within One Year	1,899,679
Non-Current Liabilities - Due in More than One Year:	19,621,909
Net Pension Liability	25,888,318
Net Other Postemployment Benefits Liability:	1,697,049
Total Liabilities	\$52,050,358
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
Related to State Aid Funding for Pension and Other Postemployment Benefit	1,668,206
Related to Pensions	9,149,543
Related to Other Postemployment Benefit	6,640,735
Total Deferred Inflows of Resource:	\$17,458,484
 <u>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>	 \$69,508,842
 <u>NET POSITION</u>	
Net Investment in Capital Assets	13,869,924
Restricted	2,941,565
Unrestricted	(29,991,635)
 <u>TOTAL NET POSITION</u>	 (\$13,180,146)

See notes to the financial statements

YALE PUBLIC SCHOOLS - YALE, MICHIGAN
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

<u>FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Governmental</u>
		<u>Charges For</u>	<u>Program</u>	<u>Activities</u>
		<u>Services</u>	<u>Specific</u>	<u>Net (Expense)</u>
			<u>Operating</u>	<u>Revenue and</u>
			<u>Grants and</u>	<u>Change in</u>
			<u>Contributions</u>	<u>Net Position</u>
Governmental Activities:				
Instruction	\$11,129,910	\$0	\$6,053,975	(\$5,075,935)
Support Services	8,223,572	119,800	8,162	(8,095,610)
Community Services/Latchkey	189,046	242,266	0	53,220
Food Service	1,070,538	96,157	1,379,516	405,135
Student Activities	465,943	594,474	0	128,531
Interest - Long-Term Obligations	320,292	0	0	(320,292)
Bond Issuance Costs	205,759	0	0	(205,759)
Depreciation/Amortization - Unallocated	1,101,416	0	0	(1,101,416)
<u>Total Governmental Activities:</u>	<u>\$22,706,476</u>	<u>\$1,052,697</u>	<u>\$7,441,653</u>	<u>(\$14,212,126)</u>
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purposes				3,104,890
Property Taxes, Levied for Debt Retirement				462,437
Property Taxes, Levied for Capital Projects				1,999,382
State Sources - Unrestricted				12,084,405
Interdistrict Sources				814,981
Investment Earnings				43,459
Other				201,429
Total General Revenues				<u>\$18,710,983</u>
Change in Net Position				<u>\$4,498,857</u>
Net Position - Beginning of Year				<u>(17,679,003)</u>
<u>NET POSITION - END OF YEAR</u>				<u>(\$13,180,146)</u>

See notes to the financial statements.

YALE PUBLIC SCHOOLS - YALE, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	2022 Building & Site Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and Cash Equivalents	\$3,767,989	\$118,921	\$4,057,065	\$7,943,975
Investments	80,952	15,479,958	13,037	15,573,947
Receivables:				
Accounts Receivable	2,927	0	0	2,927
Due from Other Funds	67,354	0	250,008	317,362
Due from Other Governmental Units	4,588,887	0	7,971	4,596,858
Taxes Receivable	160,637	0	271,142	431,779
Inventory	0	0	8,991	8,991
Prepaid Expenditures	11,858	0	0	11,858
<u>TOTAL ASSETS</u>	<u>\$8,680,604</u>	<u>\$15,598,879</u>	<u>\$4,608,214</u>	<u>\$28,887,697</u>
<u>LIABILITIES</u>				
Accounts Payable	\$146,372	\$8,100	\$10,622	\$165,094
Due to Other Funds	250,008	0	67,354	317,362
Due to Other Governmental Units	303,447	0	0	303,447
Salaries Payable	1,185,462	0	0	1,185,462
Accrued Expenditures	803,231	0	4,789	808,020
Unearned Revenue	112,708	0	224,084	336,792
Total Liabilities	<u>\$2,801,228</u>	<u>\$8,100</u>	<u>\$306,849</u>	<u>\$3,116,177</u>
<u>FUND BALANCE</u>				
Non-Spendable				
Inventory	0	0	8,991	8,991
Prepaid Expenditures	11,858	0	0	11,858
Restricted				
Food Service	0	0	789,418	789,418
Debt Retirement	0	0	414,112	414,112
Capital Projects	0	15,590,779	2,134,815	17,725,594
Committed				
Student Activities	0	0	680,735	680,735
Assigned				
Subsequent Year Expenditures	2,189,500	0	0	2,189,500
Latchkey	0	0	273,294	273,294
Unassigned	3,678,018	0	0	3,678,018
Total Fund Balance	<u>\$5,879,376</u>	<u>\$15,590,779</u>	<u>\$4,301,365</u>	<u>\$25,771,520</u>
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	<u>\$8,680,604</u>	<u>\$15,598,879</u>	<u>\$4,608,214</u>	<u>\$28,887,697</u>

See notes to the financial statements.

YALE PUBLIC SCHOOLS - YALE, MICHIGAN
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2022

Total Governmental Fund Balances:		\$25,771,520
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred Charges - Refunding Loss		167,818
Deferred Outflows of Resources - Related to Pensions		5,797,854
Deferred Outflows of Resources - Related to Postemployment Benefits		2,459,625
Deferred Inflows Related to State Aid Funding for Pension and Other Postemployment Benefits		(1,668,206)
Deferred Inflows of Resources - Related to Pensions		(9,149,543)
Deferred Inflows of Resources - Related to Other Postemployment Benefits		(6,640,735)
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Capital Assets	\$41,064,678	
Less: Accumulated Depreciation/Amortization	(21,731,614)	
Capital Assets, Net of Accumulated Depreciation/Amortization		19,333,064
Accrued Interest on Long-Term Debt		(144,588)
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	\$21,221,737	
Compensated Absences	299,851	
Total Long-Term Liabilities		(21,521,588)
Net Pension Liability		(25,888,318)
Net Other Postemployment Benefits Liability		(1,697,049)
<u>TOTAL NET POSITION -</u>		
<u>GOVERNMENTAL ACTIVITIES</u>		<u>(\$13,180,146)</u>

See notes to the financial statements.

YALE PUBLIC SCHOOLS - YALE, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General Fund	2022 Building & Site Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>REVENUES</u>				
Local Sources	\$3,442,306	\$8,154	\$3,401,361	\$6,851,821
State Sources	15,627,864	0	36,525	15,664,389
Federal Sources	2,340,548	0	1,521,121	3,861,669
Interdistrict Sources	814,981	0	0	814,981
Total Revenues	<u>\$22,225,699</u>	<u>\$8,154</u>	<u>\$4,959,007</u>	<u>\$27,192,860</u>
<u>EXPENDITURES</u>				
Instruction	12,944,691	0	0	12,944,691
Student Services	1,311,915	0	0	1,311,915
Instructional Support	640,895	0	0	640,895
General Administration	431,575	0	0	431,575
School Administration	1,552,600	0	0	1,552,600
Business Administration	369,700	0	0	369,700
Operation & Maintenance of Plant	1,959,377	0	0	1,959,377
Transportation	1,024,425	0	0	1,024,425
Support Services - Other	1,511,897	0	0	1,511,897
Community Services	237	0	0	237
Outgoing Transfers and Other Uses	105,031	0	0	105,031
Food Service	0	0	1,090,922	1,090,922
Student Activities	0	0	465,943	465,943
Latch Key	0	0	226,419	226,419
Debt Retirement				
Principal	0	0	1,790,000	1,790,000
Interest	0	0	170,185	170,185
Other	0	0	680	680
Capital Outlay	0	484,801	205,803	690,604
Total Expenditures	<u>\$21,852,343</u>	<u>\$484,801</u>	<u>\$3,949,952</u>	<u>\$26,287,096</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	\$373,356	(\$476,647)	\$1,009,055	\$905,764
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	67,000	0	250,008	317,008
Transfers Out	(250,008)	0	(67,000)	(317,008)
Bond Proceeds	0	13,800,000	0	13,800,000
Bond Premium	0	2,473,185	0	2,473,185
Bond Issuance Costs	0	(205,759)	0	(205,759)
Other Reimbursements	11,200	0	1,273	12,473
Total Other Financing Sources (Uses)	<u>(\$171,808)</u>	<u>\$16,067,426</u>	<u>\$184,281</u>	<u>\$16,079,899</u>
Net Change in Fund Balance	\$201,548	\$15,590,779	\$1,193,336	\$16,985,663
<u>FUND BALANCE - BEGINNING OF YEAR</u>	<u>5,677,828</u>	<u>0</u>	<u>3,108,029</u>	<u>8,785,857</u>
<u>FUND BALANCE - END OF YEAR</u>	<u>\$5,879,376</u>	<u>\$15,590,779</u>	<u>\$4,301,365</u>	<u>\$25,771,520</u>

See notes to the financial statements

YALE PUBLIC SCHOOLS - YALE, MICHIGAN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

Total net change in fund balances - governmental fund		\$16,985,663
Amounts reported for governmental activities in the statement of activities are different because		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense.		
Capital Outlay	\$273,459	
Depreciation/Amortization Expense	<u>(1,101,416)</u>	
Total		(827,957)
Bond Proceeds		(13,800,000)
Issuance of Bond Premium		(2,473,185)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of repayments reported as expenditures in the governmental funds		
		1,875,000
Amortization of:		
Deferred Refunding		(41,435)
Bond Premium - Net of Bond Discount		24,846
Change in accrued interest on long-term liabilities		(112,807)
Change in accrued compensated absence		(2,285)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds		
State Aid Funding for Pension and Other Postemployment Benefit		(281,967)
Pension Related Items		1,282,423
OPEB Related Items		<u>1,870,561</u>
<u>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</u>		<u>\$4,498,857</u>

See notes to the financial statements

YALE PUBLIC SCHOOLS - YALE, MICHIGAN
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUND
JUNE 30, 2022

	Private Purpose Trusts
<u>ASSETS</u>	
Cash and Cash Equivalents	<u>\$473,725</u>
<u>TOTAL ASSETS</u>	<u>\$473,725</u>
<u>NET POSITION - RESTRICTED FOR TRUST ACTIVITIES</u>	<u>\$473,725</u>

See notes to the financial statements.

YALE PUBLIC SCHOOLS - YALE, MICHIGAN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2022

	<u>Private Purpose Trusts</u>
<u>REVENUE</u>	
Interest	\$5,945
<u>EXPENDITURES</u>	
Scholarships	<u>6,810</u>
<u>CHANGE IN NET POSITION</u>	(\$865)
<u>NET POSITION - BEGINNING OF YEAR</u>	<u>474,590</u>
<u>NET POSITION - END OF YEAR</u>	<u><u>\$473,725</u></u>

See notes to the financial statements.

YALE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) DESCRIPTION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. All fiduciary activities are reported only in the fund financial statements. Governmental activities normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions.

B) REPORTING ENTITY

The District is governed by an elected seven-member Board of Education. The accompanying basic financial statements have been prepared in accordance with criteria established by the GASB for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are part of the District's reporting entity and which organizations are legally separate component units of the District. Based on application of the criteria, the District does not contain component units.

The District receives funding from local, state, federal and interdistrict government sources and must comply with the accompanying requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" body that has separate legal standing and is fiscally independent of the governmental entities. As such, the Board of Education has decision-making authority, the authority to levy taxes, and determine its budget, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

C) BASIS OF PRESENTATION - GOVERNMENT-WIDE FINANCIAL STATEMENTS

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D) BASIS OF PRESENTATION - FUND FINANCIAL STATEMENTS

The fund financial statements provide information about the District's funds, including its fiduciary funds (if any). Separate statements for each fund category - governmental and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The School District reports the following major governmental fund:

General Fund - The General Fund is the School District's primary operating fund. It accounts for all financial resources of the School District, except those required to be accounted for and reported in another fund.

Building and Site Capital Projects Funds - The Building and Site Capital Projects Funds are used to record bond proceeds or other revenue and the disbursement of funds specifically designated for acquiring new school sites, buildings, equipment, and for remodeling and repairs. The funds operate until the purpose for which they were created is accomplished. The District has complied with the applicable provision of §1351a of the Revised School Code. (The 2022 Building and Site Capital Projects Fund was a major fund for the year ended June 30, 2022).

YALE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D) BASIS OF PRESENTATION - FUND FINANCIAL STATEMENTS (Continued)

Other Non-Major Funds:

Special Revenue Funds - Special revenue funds are used to segregate, for administrative purposes, the transactions of the School District's food service operations, student/school activities and latchkey from General Fund revenue and expenditure accounts. The School District maintains full control of these funds. Any deficits generated by these activities are the responsibility of the General Fund. The main sources of revenue for these funds are latchkey tuition, food sales to pupils, free/reduced breakfast and lunch reimbursement from federal funds and funds received from the State.

Debt Retirement Funds - The Debt Retirement Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Building and Site Capital Projects Funds - The Building and Site Capital Projects Funds are used to record bond proceeds or other revenue and the disbursement of funds specifically designated for acquiring new school sites, buildings, equipment, and for remodeling and repairs. The funds operate until the purpose for which they were created is accomplished. The District has complied with the applicable provision of §1351a of the Revised School Code.

Capital Projects Sinking Funds - The Capital Projects Sinking Funds records capital project activities funded with Sinking Fund millage. For this fund, the school district has complied with the applicable provision of §1212 of the Revised School Code.

Fiduciary funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the District under the terms of a formal trust agreement. Fiduciary funds are not included in the government-wide statements.

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in the fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Further, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in the fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

E) MEASUREMENT FOCUS, BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to the financial statements is determined by its measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates are primarily related to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

YALE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) MEASUREMENT FOCUS, BASIS OF ACCOUNTING (Continued)

Government-wide Financial Statements - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is 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 revenue in the year for which they are levied. Grants, categorical aid, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fiduciary Fund Financial Statements (if any) are reported using the economic resources measurement focus and the accrual basis of accounting, except for the recognition of certain liabilities to the beneficiaries of a fiduciary activity. Liabilities to beneficiaries are recognized when an event has occurred that compels the District to disburse fiduciary resources.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. Revenue not meeting this definition is classified as a deferred inflow of resources. For this purpose, the School District considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, state and federal aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end).

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided and (2) operating grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes and unrestricted state aid.

F) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include amounts in demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

In accordance with Michigan Compiled Laws, the District is authorized to invest in the following investment vehicles:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration (NCUA), but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.

YALE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F) CASH AND CASH EQUIVALENTS (Continued)

- c. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
- d. The United States government or federal agency obligations repurchase agreements.
- e. Bankers acceptances of United States banks.
- f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

G) INVENTORIES AND PREPAID COSTS

Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds, including commodities received from the United States Department of Agriculture, are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid costs in both government-wide and fund financial statements.

H) CAPITAL ASSETS

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) using a \$5,000 capitalization threshold and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not. Interest incurred during the construction of capital assets is also capitalized.

Land and construction in progress, if any, are not depreciated. Right to use assets of the District (if any) are amortized using the straight-line method over the shorter of the lease period of the estimated useful lives. The other property, plant, and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Description</u>	<u>Governmental Activities</u> <u>Estimated Lives</u>
Buildings and Improvements	20 – 50 years
Furniture and Equipment	7 – 20 years
Buses and Other Vehicles	10 – 15 years

YALE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I) INTERFUND BALANCES

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental activities columns of the statement of net position.

J) UNEARNED REVENUE

The District reports unearned revenue on its governmental funds balance sheet. Unearned revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when the District receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized.

K) COMPENSATED ABSENCES

The liability for compensated absences reported in the government-wide statements consists of earned but unused accumulated vacation, sick leave, and severance benefits. A liability for these amounts is reported in governmental funds as it comes due for payment. The liability has been calculated using the vesting method, in which leave amounts are included both for employees who are currently eligible to receive termination payments and for other employees who are expected to become eligible in the future to receive such payments upon termination.

L) LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as debt service expenditures.

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 issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

M) DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred Outflows

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. They are the deferred charge on refunding, pension and other postemployment benefits related items reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow is recognized for pension and other postemployment benefit related items. These amounts are expensed in the plan year in which they apply.

YALE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M) DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (Continued)

Deferred Inflows

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 a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has three items that qualifies for reporting in this category. The first is restricted state aid funding deferred to offset deferred outflows related to section 147c pension and other postemployment benefit contributions subsequent to the measurement period. The second and third items are future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension and other postemployment benefit liability and the actual results. The amounts are amortized over a period determined by the actuary.

N) DEFINED BENEFIT PLAN

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

O) NET POSITION FLOW ASSUMPTION

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

P) FUND BALANCE FLOW ASSUMPTION

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Q) FUND BALANCE POLICIES

Fund balances for each of the District's governmental funds are displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

- * Nonspendable fund balance - amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact.

YALE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q) FUND BALANCE POLICIES (Continued)

- * Restricted fund balance - amounts that can be spent only for specific purposes because of constraints imposed by external providers (such as grantors, bondholders, and higher levels of government), or imposed by constitutional provisions or enabling legislation. The District's Capital Projects Fund, Debt Service Fund, Food Service and Latchkey balances are considered restricted.
- * Committed fund balance – amounts that have been formally set aside by specific purposes. Commitments are made and can be rescinded only via resolution of the Board of Education.
- * Assigned fund balance - amounts the District intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. The intent is expressed by the Board of Education.
- * Unassigned fund balance - amounts that are available for any purpose; these amounts can be reported only in the District's General Fund.

In the general fund, the goal of the District shall be to maintain a minimum unassigned fund balance of no less than 5% of the preceding year's expenditures.

R) LEASES

Lessee: The District is a lessee for a noncancelable lease of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- * The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- * The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term obligations on the statement of net position. The District did not have any items to report as capital assets and lease liabilities as of June 30, 2022.

YALE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S) REVENUE

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the current year ended, the foundation allowance was based on pupil membership counts.

The state portion of the Foundation is provided primarily by a state education property tax millage of 6 mills on Principal Residence Exemption (PRE) property and an allocated portion of state sales and other taxes. The local portion of the Foundation is funded primarily by Non-PRE property taxes which may be levied at a rate of up to 18 mills as well as 6 mills for Commercial Personal Property Tax. The state revenue is recognized during the foundation period and is funded through payments from October to August. Thus, the unpaid portion at June 30 is reported as due from other governmental units.

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received and accrued, which are not expended by the close of the fiscal year are recorded as unearned revenue.

All other revenue items are generally considered to be measurable and available only when cash is received by the District.

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The District levies its property taxes on December 1 and various municipalities collect its property taxes and remit them to the District through February. The delinquent real property taxes of the District are purchased by the County, and delinquent personal property taxes continue to be collected by the municipalities and recorded as revenue as they are collected. The county sells tax notes, the proceeds of which have been used to pay the District for these delinquent real property taxes. These delinquent real property taxes have been recorded as revenue in the current year.

T) USE OF ESTIMATES

The preparation of 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

U) MICHIGAN PUBLIC SCHOOL ACCOUNTING MANUAL

The accompanying financial statements have been prepared on a basis substantially consistent with the Michigan Public School Accounting Manual (Bulletin 1022), which outlines the accounting procedures and policies for school districts required by the Michigan State Board of Education.

YALE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

V) BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue fund. The capital projects fund is appropriated on a project-length basis. Other funds do not have appropriated budgets.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executor) contracts for goods or services (i.e., purchase orders, contracts, and commitments). The District does not utilize encumbrance accounting.

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

1. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the required supplementary information section.
4. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.
5. The budget was amended during the year with supplemental appropriations, the last one approved prior to year-end June 30, 2022. The District does not consider these amendments to be significant.

2) DEPOSITS AND INVESTMENTS

As of June 30, 2022 the District had deposits and investments subject to the following risk:

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2022, \$8,357,700 of the District's bank balance of \$9,022,630 as exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying value on the books for deposits at the end of the year was \$8,417,700.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, 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.

YALE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

2) DEPOSITS AND INVESTMENTS (Continued)

Interest rate risk. In accordance with its investment policy, the District will minimize 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 mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

Concentration of credit risk. The District will minimize 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.

Investment Type	Fair value	Weighted Average Maturity (Years)	Standard & Poor's Rating	%
Milaf - Cash Management	\$13,257	0.0027	AAAm	0.09%
Milaf - MIMAX	80,732	0.0027	AAAm	0.52%
Money Market	1,033,689	0.0027	AAAm	6.64%
Bonds - Unique Assets	3,099,275	0.0033	AA+	19.90%
Bonds - Short-Term Investments	<u>11,346,994</u>	0.1364	AA+	<u>72.86%</u>
<u>TOTAL</u>	<u>\$15,573,947</u>			<u>100.00%</u>

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

Fair value measurement. The District is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.
- Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

Investments by fair value level:	As of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Bonds – Unique Assets	\$ 0	\$ 3,099,275	\$ 0	\$ 3,099,275
Bonds – Short-Term Investments	<u>0</u>	<u>11,346,994</u>	<u>0</u>	<u>11,346,994</u>
<u>TOTAL</u>	<u>\$ 0</u>	<u>\$ 14,446,269</u>	<u>\$ 0</u>	<u>\$ 14,446,269</u>

YALE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

2) DEPOSITS AND INVESTMENTS (Continued)

The asset or liability's fair measurement level with the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The District voluntarily invests certain excess funds in external pooled investment funds which included money market funds. One of the pooled investment funds utilized by the District is the Michigan Investment Liquid Asset Fund (MILAF). MILAF funds are considered external investment pools as defined by the GASB and as such are recorded at amortized cost which approximate fair value. The MILAF (MAX Class) fund requires notification of redemptions prior to 14 days to avoid penalties. These funds are not subject to the fair value disclosures.

Investments in Entities that Calculate Net Asset Value per share

The District holds shares or interests in the UMB Bank investment pool where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

MILAF funds are considered external investment pools as defined by the GASB and as such are recorded at amortized cost which approximate fair value. The MILAF (MAX Class) fund requires notification of redemptions prior to 14 days to avoid penalties. These funds are not subject to the fair value disclosures.

The above amounts are reported in the financial statements as follows:

Cash Private Purpose Trust	\$ 473,725
Cash – District Wide	7,943,975
Investments – District Wide	<u>15,573,947</u>
<u>TOTAL</u>	<u>\$ 23,991,647</u>

The above amounts as previously reported in Note 2:

Deposits – Including Fiduciary Funds of \$473,725	\$ 8,416,828
Petty Cash	872
Investments	<u>15,573,947</u>
<u>TOTAL</u>	<u>\$ 23,991,647</u>

3) RECEIVABLES – DUE FROM OTHER GOVERNMENTAL UNITS

Receivables at June 30, 2022, consist of taxes, accounts (fees), intergovernmental grants and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables (due from other governmental units) follows:

<u>GOVERNMENTAL ACTIVITIES</u>	<u>AMOUNT</u>
State Aid	\$ 2,859,921
Federal Grants	1,602,148
Other	<u>134,789</u>
<u>TOTAL</u>	<u>\$ 4,596,858</u>

YALE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

4) CAPITAL ASSETS

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

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Ending</u>
<u>GOVERNMENTAL ACTIVITIES</u>				
Land, Not Being Depreciated	\$519,650	\$0	\$0	\$519,650
Buildings and Improvements	34,865,492	0	0	34,865,492
Buses and Other Vehicles	1,728,893	0	0	1,728,893
Furniture and Equipment	3,688,825	273,459	11,641	3,950,643
Totals at Historical Cost	<u>\$40,802,860</u>	<u>\$273,459</u>	<u>\$11,641</u>	<u>\$41,064,678</u>
Less: Accum. Depreciation/Amortization				
Buildings and Improvements	(16,999,793)	(812,509)	0	(17,812,302)
Buses and Other Vehicles	(900,866)	(140,957)	0	(1,041,823)
Furniture and Equipment	<u>(2,741,180)</u>	<u>(147,950)</u>	<u>(11,641)</u>	<u>(2,877,489)</u>
Total Accum. Depreciation/ Amortization	<u>(\$20,641,839)</u>	<u>(\$1,101,416)</u>	<u>(\$11,641)</u>	<u>(\$21,731,614)</u>
<u>GOVERNMENTAL ACTIVITIES</u>				
<u>CAPITAL ASSETS - NET</u>	<u>\$20,161,021</u>	<u>(\$827,957)</u>	<u>\$0</u>	<u>\$19,333,064</u>

Depreciation/amortization expense was unallocated on the Statement of Activities as the District considers all fixed assets to have mixed use.

Net investment in capital assets consists of the following:

Capital Assets	\$ 41,064,678
Less: Accumulated Depreciation/Amortization	(21,731,614)
Add: Deferred Charge on Refunding	167,818
Less: Related Long-Term Liabilities	(21,221,737)
Add: Unspent 2022 Capital Projects	<u>15,590,779</u>
<u>NET INVESTMENT IN CAPITAL ASSETS</u>	<u>\$ 13,869,924</u>

5) SHORT-TERM DEBT

The District has various options for short-term financing including tax anticipation notes, state aid anticipation notes and lines of credit. The District entered into no short-term financing arrangements during the fiscal year ended June 30, 2022. Activity for the year ended June 30, 2022 is as follows:

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Ending</u>
State Aid Note	<u>\$200,113</u>	<u>\$0</u>	<u>\$200,113</u>	<u>\$0</u>

YALE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

6) GENERAL LONG-TERM DEBT

The following is a summary of long-term obligations for the District for the year ended June 30, 2022:

<u>Governmental Activities:</u>	Balance Beginning	Additions	Deductions	Balance Ending	Amount Due in One Year
General Obligation Bonds	\$6,848,398	\$16,273,185	\$1,899,846	\$21,221,737	\$1,899,679
Compensated Absences	297,566	2,285	0	299,851	0
<u>Total Governmental Activities</u>	<u>\$7,145,964</u>	<u>\$16,275,470</u>	<u>\$1,899,846</u>	<u>\$21,521,588</u>	<u>\$1,899,679</u>

GENERAL OBLIGATIONS BONDS

2012 Refunding Bonds - dated July 18, 2012, in the amount of \$6,540,000, bearing interest at 3% per annum, matures in 2023.	\$ 660,000
2012 School Improvement Bonds – Qualified Zone Academy Bonds - dated December 7, 2013, in the amount of \$1,285,000 with interest at 4.1% per annum, matures in 2028.	415,000
2013 School Technology and Bus Bonds - dated May 17, 2013, in the amount of \$1,940,000 with an interest rate of 1.75% per annum, paid in full during the year.	0
2015 Refunding Bonds – dated March 24, 2015, in the amount of \$8,965,000 with interest rates at 2.7% per annum, matures in 2027.	3,870,000
2022 School Building Bonds - dated March 7, 2022, in the amount of \$13,800,000 with an interest rate ranging from 2% - 5% per annum, matures in 2033.	13,800,000
Bond Issuance Discount	(26,615)
Bond Premium	<u>2,503,352</u>
TOTAL GENERAL OBLIGATION BONDS	\$ 21,221,737
<u>COMPENSATED ABSENCES</u>	<u>299,851</u>
<u>TOTAL GENERAL LONG-TERM OBLIGATIONS</u>	<u>\$ 21,521,588</u>

YALE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

6) GENERAL LONG-TERM DEBT (Continued)

The annual requirements to amortize long-term obligations outstanding exclusive of employment benefit obligation payments as of June 30, 2022 are as follows:

	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30, 2023	\$1,899,679	\$785,617	\$2,685,296
June 30, 2024	1,844,512	658,502	2,503,014
June 30, 2025	1,914,512	618,720	2,533,232
June 30, 2026	2,019,512	577,610	2,597,122
June 30, 2027	2,124,512	534,711	2,659,223
June 30, 2028 -	9,334,175	1,721,850	11,056,025
June 30, 2033	<u>2,084,835</u>	<u>93,000</u>	<u>2,177,835</u>
<u>TOTAL</u>	<u>\$21,221,737</u>	<u>\$4,990,010</u>	<u>\$26,211,747</u>

Interest expense (all funds) for the year ended June 30, 2022 was \$188,943.

7) INTERFUND ACTIVITY

Interfund balances at June 30, 2022 consisted of the following:

		DUE FROM			
		General	Food	Capital	
DUE TO		<u>Fund</u>	<u>Service</u>	<u>Projects</u>	<u>Total</u>
	General Fund	\$0	\$8	\$250,000	\$250,008
	Food Service Fund	35,354	0	0	35,354
	Latchkey Fund	<u>32,000</u>	<u>0</u>	<u>0</u>	<u>32,000</u>
	<u>TOTAL</u>	<u>\$67,354</u>	<u>\$8</u>	<u>\$250,000</u>	<u>\$317,362</u>

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

8) INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2022, consisted of the following:

		TRANSFERS FROM			
		General	Food		
TRANSFERS TO		<u>Fund</u>	<u>Service</u>	<u>Latchkey</u>	<u>Total</u>
	General Fund	\$0	\$35,000	\$32,000	\$67,000
	Food Service	8	0	0	8
	Capital Projects	<u>250,000</u>	<u>0</u>	<u>0</u>	<u>250,000</u>
	<u>TOTAL</u>	<u>\$250,008</u>	<u>\$35,000</u>	<u>\$32,000</u>	<u>\$317,008</u>

YALE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

8) INTERFUND TRANSFERS (Continued)

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

9) TAX ABATEMENTS

The District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions granted by cities and townships. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities. There were no property taxes abated.

The taxes abated for the general fund operating millage is considered by the State of Michigan when determining the District's section 22 funding of the State School Aid Act.

There are no significant abatements made by the District.

10) RESTRICTED NET POSITION

Restricted net position consists of the following:

Debt Retirement	\$414,112
Less: Accrued Interest - General Obligation Bonds	(144,588)
Food Service - Net of Pension & OPEB Obligation	537,226
Capital Projects	<u>2,134,815</u>
 <u>TOTAL</u>	 <u>\$2,941,565</u>

11) PENSION AND OTHER POSTEMPLOYMENT BENEFITS

General Information about the Michigan Public School Employees' Retirement System (MPERS) pension and OPEB plans.

Plan Description

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

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

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.

YALE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

11) PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Benefits Provided - Overall

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.

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 Jan. 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

Public Act 300 of 2012 granted all active members of the Michigan Public School Employees Retirement System, who earned service credit in the 12 months ending Sept. 3, 2012 or were on an approved professional services or military leave of absence on Sept. 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 Feb. 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.

YALE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

11) PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Contributions

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

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

The schedule below summarizes **pension** contribution rates in effect for fiscal year ended September 30, 2021.

<u>Benefit Structure</u>	<u>Member</u>	<u>Employer</u>
Basic	0.0 – 4.0%	19.78%
Member Investment Plan	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 schedule below summarizes **OPEB** contribution rates in effect for fiscal year ended September 30, 2021.

<u>Benefit Structure</u>	<u>Member</u>	<u>Employer</u>
Premium Subsidy	3.0%	8.43%
Personal Healthcare Fund (PHF)	0.00%	7.57%

The District's pension contributions for the year ended June 30, 2022 were equal to the required contribution total. Pension contributions were approximately \$3,727,000, with \$3,649,000 specifically for the Pension Defined Benefit Plan.

The District's OPEB contributions for the year ended June 30, 2022 were equal to the required contribution total. OPEB benefits were approximately \$920,000, with \$881,000 specifically for the OPEB Defined Benefit Plan.

YALE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

11) PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

At June 30, 2022, the District reported a liability of \$25,888,318 for its proportionate share of the MPSERS 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 pension contributions required from all applicable employers during the measurement period. At September 30, 2021, the District's proportion was 0.10935 percent, which was an increase of 0.0016 percent from its proportion measured as of September 30, 2020.

<u>MPSERS (Plan) Non-University Employers</u>	<u>September 30, 2021</u>	<u>September 30, 2020</u>
Total Pension Liability	\$ 86,392,473,395	\$85,290,583,799
Plan Fiduciary Net Position	62,717,060,894	50,939,496,006
Net Pension Liability	\$ 23,675,412,501	\$34,351,087,793
Proportionate Share	0.10935%	0.107696%
Net Pension Liability for the District	\$25,888,318	\$36,994,699

For the year ending June 30, 2022, the District recognized pension expense of \$2,427,859. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>
Differences Between Actual and Expected Experience	\$401,021	(\$152,451)
Changes of Assumptions	1,631,907	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	(8,323,011)
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	383,006	(674,081)
Employer Contributions Subsequent to the Measurement Date	3,381,920	0
<u>TOTAL</u>	<u>\$5,797,854</u>	<u>(\$9,149,543)</u>

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending Sept. 30,</u>	<u>Amount</u>
2022	(\$1,008,385)
2023	(1,560,148)
2024	(1,963,840)
2025	(2,201,236)

YALE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

11) PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

At June 30, 2022, the District reported a liability of \$1,697,049 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 0.11118 percent, which was an increase of 0.004 percent from its proportion measured as of October 1, 2020.

<u>MPSERS (Plan) Non-University Employers</u>	<u>September 30, 2021</u>	<u>September 30, 2020</u>
Total Other Postemployment Benefits Liability	\$ 12,046,393,511	\$13,206,903,534
Plan Fiduciary Net Position	<u>10,520,015,621</u>	<u>7,849,636,555</u>
Net Other Postemployment Benefits Liability	\$ 1,526,377,890	\$5,357,266,979
Proportionate Share	0.11118%	0.10715%
Net Other Postemployment Benefits Liability for the District	\$1,697,049	\$5,740,332

For the year ending June 30, 2022, the District recognized OPEB expense of \$(1,028,945). At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>
Differences Between Actual and Expected Experience	\$0	(\$4,844,106)
Changes of Assumptions	1,418,649	(212,283)
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	0	(1,279,096)
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	269,649	(305,250)
Employer Contributions Subsequent to the Measurement Date	<u>771,327</u>	<u>0</u>
<u>TOTAL</u>	<u>\$2,459,625</u>	<u>(\$6,640,735)</u>

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending Sept. 30,</u>	<u>Amount</u>
2022	(\$1,359,713)
2023	(1,227,170)
2024	(1,074,363)
2025	(957,152)
2026	(295,293)
Thereafter	(38,746)

YALE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

11) PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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:	6.80% Net of Investment Expenses
- Pension Plus Plan:	6.80% Net of Investment Expenses
- Pension Plus 2 Plan:	6.00% Net of Investment Expenses
- OPEB	6.95% Net of Investment Expenses
Projected Salary Increases:	2.75 - 11.55%, including wage inflation at 2.75%
Cost-of-Living Pension Adjustments:	3% Annual Non-Compounded for MIP Members
Mortality:	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.
- Retirees	
- Active Members:	RP-2014 Male and Female Employee Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Other Assumptions OPEB	
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 3.5% Year 15; 3.0% Year 120
- Opt-Out Assumption	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 1 or more dependents.

Notes:

Pension

- * *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.*

YALE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

11) PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

- * *Recognition period for pension liabilities is the average of the expected remaining service lives of all employees in years: [4.4367 for non-university employers].*
- * *Recognition period for assets in years is 5.0000.*

OPEB

- * *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 OPEB liabilities is the average of the expected remaining service lives of all employees in years: [6.1312 for non-university employers].*
- * *Recognition period for assets in years: 5.0000*
- * *Full actuarial assumptions are available in the 2021 MPSERS Comprehensive Annual Financial Report found on the ORS website at www.michigan.gov/orsschools.*

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on 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	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.

YALE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

11) PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Rate of Return

For the fiscal year ended September 30, 2021, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 27.3% for pension and 27.14% for OPEB. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate – Pension

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

Discount Rate – OPEB

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.

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 higher:

	Pension		
	1% Decrease	Current Single Discount Rate Assumption	1% Increase
	5.8%/5.8%/5.0%	6.8%/6.8%/6.0%	7.8%/7.8%/7.0%
District's proportionate share of the net pension liability	\$37,013,273	\$25,888,318	\$16,665,000

* Discount rates listed in the following order: Basis and Member Investment Plan (MIP), Pension Plus, and Pension Plus 2. Non-university employers provide Basic, MIP, Pension Plus and Pension Plus 2 plans.

YALE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

11) PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate

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

	Other Postemployment Benefit		
	1% Decrease	Discount Rate	1% Increase
	5.95%	6.95%	7.95%
District's proportionate share of the net other postemployment benefit liability	\$3,153,423	\$1,697,049	\$461,107

Sensitivity of the District's proportionate share of the net OPEB liability to Healthcare Cost Trend Rate

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

	Other Postemployment Benefit		
	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
	District proportionate share of the net other postemployment benefit liability	\$413,048	\$1,697,049

Pension and OPEB Plan Fiduciary Net Position

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

Payable to the Pension and OPEB Plan

At year-end the School District is current on all required pension and other postemployment benefit plan payments. Amounts accrued at year-end for accounting purposes are separately stated in the financial statements as a liability titled accrued retirement. These amounts represent current payments for June paid in July, accruals for summer pay primarily for teachers, and the contributions due from state revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL).

12) RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The District limits its exposure to such claims through its participation in and payments of premiums to SET-SEG, Inc. Insurance Trust. This pool maintains a loss fund and is also required by the terms of the participation agreement to obtain insurance and reinsurance as necessary.

The terms of the participation agreement with the pool indicate that, should losses of the pool incurred in a given coverage period exceed the loss fund and the aggregate excess reinsurance, the fund may access its member districts on a pro-rata basis to cover excess losses. In past years the loss fund has exceeded the amount necessary to maintain prudent loss reserves, resulting in annual premium refunds to member districts. The District's management believes that participation in this pool provides sufficient coverage to protect the District from any significant adverse financial impact.

The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2022 or any of the prior 3 years.

YALE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

13) COMMITMENTS AND CONTINGENCIES

In the ordinary course of business, the District is involved in various pending or threatened legal actions. The District believe that any ultimate liability arising from these actions will not have a material adverse effect on its financial position.

The District participates in a number of federal and state programs that require compliance with specific terms and conditions and are subject to audits by the contracting agencies. Management believes that the effect of any disallowed expenditures would be immaterial to the financial statements.

14) UPCOMING ACCOUNTING PRONOUNCEMENTS

Statement No. 91, Conduit Debt Obligations provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This statement is effective for the year ending June 30, 2023.

Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. This statement is effective for the year ending June 30, 2023.

Statement No. 96, Subscription-based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. This statement is effective for the year ending June 30, 2023.

The School District is evaluating the impact that the above pronouncements will have on its financial reporting.

YALE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

15) CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2022, the District implemented the following new pronouncement: GASB Statement No. 87, *Leases*.

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, was issued by the GASB in June 2017. The objective of this Statement is to increase the usefulness of governments' financial statements 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. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. 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, thereby enhancing the relevance and consistency of information about governments' leasing activities.

There was no material impact on the District's financial statement after the adoption of GASB Statement 87.

REQUIRED SUPPLEMENTARY
INFORMATION

YALE PUBLIC SCHOOLS - YALE, MICHIGAN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2022

	<u>Budgeted Amounts</u>			<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>REVENUES</u>				
Local Sources	\$3,009,000	\$3,213,600	\$3,442,306	\$228,706
State Sources	14,309,000	15,439,100	15,627,864	188,764
Federal Sources	977,000	2,230,800	2,340,548	109,748
Total Revenues	<u>\$18,295,000</u>	<u>\$20,883,500</u>	<u>\$21,410,718</u>	<u>\$527,218</u>
<u>EXPENDITURES</u>				
Instruction	11,850,600	13,133,200	12,944,691	188,509
Student Services	1,121,700	1,356,200	1,311,915	44,285
Instructional Support	580,700	638,000	640,895	(2,895)
General Administration	388,300	471,100	431,575	39,525
School Administration	1,555,500	1,641,900	1,552,600	89,300
Business Administration	413,400	396,000	369,700	26,300
Operation & Maintenance of Plant	1,808,900	1,996,900	1,959,377	37,523
Transportation	913,300	1,340,100	1,024,425	315,675
Support Services - Other	975,000	1,445,800	1,511,897	(66,097)
Community Services	0	300	237	63
Total Expenditures	<u>\$19,607,400</u>	<u>\$22,419,500</u>	<u>\$21,747,312</u>	<u>\$672,188</u>
Excess of Revenues Over Expenditures	(\$1,312,400)	(\$1,536,000)	(\$336,594)	\$1,199,406
<u>OTHER FINANCING SOURCES (USES)</u>				
Net Change in Fund Balance	<u>445,300</u>	<u>513,500</u>	<u>538,142</u>	<u>24,642</u>
	<u>(\$867,100)</u>	<u>(\$1,022,500)</u>	<u>\$201,548</u>	<u>\$1,224,048</u>
<u>FUND BALANCE - BEGINNING OF YEAR</u>			<u>5,677,828</u>	
<u>FUND BALANCE - END OF YEAR</u>			<u>\$5,879,376</u>	

YALE PUBLIC SCHOOLS - YALE, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 9/30 OF EACH FISCAL YEAR)

	2021	2020	2019	2018	2017	2016	2015	2014
Reporting unit's proportion of net pension liability (%)	0.10935%	0.10769%	0.10950%	0.11303%	0.11536%	0.11939%	0.11973%	0.11764%
Reporting unit's proportionate share of net pension liability	\$25,888,318	\$36,994,699	\$36,261,619	\$33,978,687	\$29,893,916	\$29,786,020	\$29,243,745	\$25,911,060
Reporting unit's covered-employee payroll	\$9,947,484	\$9,446,618	\$9,395,364	\$9,489,313	\$9,470,792	\$10,015,791	\$9,885,764	\$9,973,420
Reporting unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	260.25%	391.62%	385.95%	358.07%	315.64%	297.39%	295.82%	259.80%
Plan fiduciary net position as a percentage of total pension liability	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, reporting units should present information for those years for which information is available.

YALE PUBLIC SCHOOLS - YALE, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S CONTRIBUTIONS - PENSION
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contributions	\$3,283,273	\$2,959,622	\$2,908,822	\$3,077,816	\$2,705,735	\$2,688,001	\$2,309,720	\$1,826,954
Contributions in relation to statutorily required contributions	<u>3,283,273</u>	<u>2,959,622</u>	<u>2,908,822</u>	<u>3,077,816</u>	<u>2,705,735</u>	<u>2,688,001</u>	<u>2,309,720</u>	<u>1,826,954</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Reporting unit's covered-employee payroll	\$10,346,212	\$9,734,567	\$9,365,943	\$9,394,993	\$9,500,752	\$9,485,873	\$9,885,764	\$9,973,420
Contributions as a percentage of covered-employee payroll	31.73%	30.40%	31.06%	32.76%	28.48%	28.34%	23.36%	18.32%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, reporting units should present information for those years for which information is available.

YALE PUBLIC SCHOOLS - YALE, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 9/30 OF EACH FISCAL YEAR)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Reporting unit's proportion of net OPEB liability (%)	0.11118%	0.10715%	0.10780%	0.11166%	0.11523%
Reporting unit's proportionate share of net OPEB liability	\$1,697,049	\$5,740,332	\$7,737,743	\$8,875,738	\$10,203,794
Reporting unit's covered-employee payroll	\$9,947,484	\$9,446,618	\$9,395,364	\$9,489,313	\$9,470,792
Reporting unit's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	17.06%	60.77%	82.36%	93.53%	107.74%
Plan fiduciary net position as a percentage of total OPEB liability (Non-university employers)	87.33%	59.44%	48.46%	42.95%	36.39%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, reporting units should present information for those years for which information is available.

YALE PUBLIC SCHOOLS - YALE, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S CONTRIBUTIONS - OPEB
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contributions	\$825,350	\$757,044	\$740,176	\$724,776	\$897,082
Contributions in relation to statutorily required contributions	<u>825,350</u>	<u>757,044</u>	<u>740,176</u>	<u>724,776</u>	<u>897,082</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Reporting unit's covered-employee payroll	\$10,346,212	\$9,734,567	\$9,365,943	\$9,394,993	\$9,500,752
Contributions as a percentage of covered-employee payroll	7.98%	7.78%	7.90%	7.71%	9.44%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, reporting units should present information for those years for which information is available.

YALE PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and Special Revenue Fund (Food Service). All annual appropriations lapse at fiscal year-end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. The School District increased/decreased budgeted amounts during the year in response to changes in funding and related expenditures.

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

During the year, Yale Public Schools had the following expenditure budget variances.

	Final Budget	Actual	Variance With Final Budget
Instructional Support	\$638,000	\$640,895	(\$2,895)
Support Services - Other	1,445,800	1,511,897	(66,097)

PENSION

Benefit changes – there were no changes of benefit terms for the year ended September 30, 2021

Changes in assumptions – the assumption changes for the year ended September 30, 2021 were:

- * The payroll growth assumption for amortization purposes used in determining the fiscal year 2024 employer contributions decreased from 2.50% to 2.00%. While this assumption change had no impact on the Actuarial Accrued Liability, it did result in an increase in employer contribution requirements.
- * The Non-Hybrid and Pension Plus plan investment return assumptions were lowered from 6.80% to 6.00%. This assumption change increased the Actuarial Accrued Liability as of the valuation date and the fiscal year 2024 employer contribution.

OPEB

Benefit changes – there were no changes of benefit terms for the year ended September 30, 2021

Changes in assumptions – the assumption changes for the year ended September 30, 2021 were:

- * The medical and prescription drug trend rates used in the valuation were re-set to better reflect anticipated future experience. The change in medical and drug trend rates increased the Actuarial Accrued Liability and increased the actuarially computed employer contribution.
- * The payroll growth assumption for amortization purposes used in determining the fiscal year 2024 employer contributions decreased from 2.50% to 2.00%. While this assumption change had no impact on the Actuarial Accrued Liability, it increased the actuarially computed employer contribution.
- * The investment return assumption was lowered from 6.95% to 6.00%. This change in investment return assumption increased the Actuarial Accrued Liability.

ADDITIONAL SUPPLEMENTARY
INFORMATION

YALE PUBLIC SCHOOLS - YALE, MICHIGAN
COMBINING BALANCE SHEETS
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

	Special Revenue Funds	Debt Retirement Funds	Sinking Capital Projects Fund	Capital Projects Fund	Total Other Governmental Funds
<u>ASSETS</u>					
Cash and Cash Equivalents	\$2,042,317	\$180,865	\$1,284,010	\$549,873	\$4,057,065
Investments	0	13,037	0	0	13,037
Receivables:					
Due from Other Funds	8	0	0	250,000	250,008
Due from Other Governmental Units	7,971	0	0	0	7,971
Taxes Receivable	0	220,210	50,932	0	271,142
Inventory	8,991	0	0	0	8,991
<u>TOTAL ASSETS</u>	<u>\$2,059,287</u>	<u>\$414,112</u>	<u>\$1,334,942</u>	<u>\$799,873</u>	<u>\$4,608,214</u>
<u>LIABILITIES</u>					
Accounts Payable	\$10,622	\$0	\$0	\$0	\$10,622
Due to Other Funds	67,354	0	0	0	67,354
Accrued Expenditures	4,789	0	0	0	4,789
Unearned Revenue	224,084	0	0	0	224,084
Total Liabilities	<u>\$306,849</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$306,849</u>
<u>FUND BALANCE</u>					
Non-Spendable - Inventory	8,991	0	0	0	8,991
Restricted					
Food Service	789,418	0	0	0	789,418
Debt Retirement	0	414,112	0	0	414,112
Capital Projects	0	0	1,334,942	799,873	2,134,815
Committed					
Student Activities	680,735	0	0	0	680,735
Assigned					
Latchkey	273,294	0	0	0	273,294
Total Fund Balance	<u>\$1,752,438</u>	<u>\$414,112</u>	<u>\$1,334,942</u>	<u>\$799,873</u>	<u>\$4,301,365</u>
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	<u>\$2,059,287</u>	<u>\$414,112</u>	<u>\$1,334,942</u>	<u>\$799,873</u>	<u>\$4,608,214</u>

YALE PUBLIC SCHOOLS - YALE, MICHIGAN
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	Special Revenue Funds	Debt Retirement Funds	Sinking Capital Projects Fund	Capital Projects Funds	Total Other Governmental Funds
<u>REVENUES</u>					
Local Sources	\$934,925	\$2,000,607	\$465,829	\$0	\$3,401,361
State Sources	28,363	8,162	0	0	36,525
Federal Sources	1,521,121	0	0	0	1,521,121
Total Revenues	<u>\$2,484,409</u>	<u>\$2,008,769</u>	<u>\$465,829</u>	<u>\$0</u>	<u>\$4,959,007</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers In	8	0	0	250,000	250,008
Other Transfers	1,273	0	0	0	1,273
Transfers Out	(67,000)	0	0	0	(67,000)
Total Other Financing Sources (Uses)	<u>(\$65,719)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$250,000</u>	<u>\$184,281</u>
Total Revenues & Other Financing Sources	\$2,418,690	\$2,008,769	\$465,829	\$250,000	\$5,143,288
<u>EXPENDITURES</u>					
Food Service	1,090,922	0	0	0	1,090,922
Student Activities	465,943	0	0	0	465,943
Latch Key	226,419	0	0	0	226,419
Debt Service	0	1,960,865	0	0	1,960,865
Capital Outlay	0	0	205,803	0	205,803
Total Expenditures	<u>\$1,783,284</u>	<u>\$1,960,865</u>	<u>\$205,803</u>	<u>\$0</u>	<u>\$3,949,952</u>
Net Change in Fund Balance	\$635,406	\$47,904	\$260,026	\$250,000	\$1,193,336
<u>FUND BALANCE - BEGINNING OF YEAR</u>					
	<u>1,117,032</u>	<u>366,208</u>	<u>1,074,916</u>	<u>549,873</u>	<u>3,108,029</u>
<u>FUND BALANCE - END OF YEAR</u>					
	<u>\$1,752,438</u>	<u>\$414,112</u>	<u>\$1,334,942</u>	<u>\$799,873</u>	<u>\$4,301,365</u>

YALE PUBLIC SCHOOLS - YALE, MICHIGAN
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2022

	<u>Food Service</u>	<u>Student Activities</u>	<u>Latch Key</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$868,668	\$680,735	\$492,914	\$2,042,317
Receivables:				
Due from Other Funds	8	0	0	8
Due from Other Governmental Units	7,971	0	0	7,971
Inventory	8,991	0	0	8,991
<u>TOTAL ASSETS</u>	<u>\$885,638</u>	<u>\$680,735</u>	<u>\$492,914</u>	<u>\$2,059,287</u>
<u>LIABILITIES</u>				
Accounts Payable	\$10,622	\$0	\$0	\$10,622
Due to Other Funds	35,354	0	32,000	67,354
Accrued Expenditures	4,789	0	0	4,789
Unearned Revenue	36,464	0	187,620	224,084
Total Liabilities	\$87,229	\$0	\$219,620	\$306,849
<u>FUND BALANCE</u>				
Non-Spendable - Inventory	8,991	0	0	8,991
Restricted - Food Service	789,418	0	0	789,418
Committed	0	680,735	0	680,735
Assigned	0	0	273,294	273,294
Total Fund Balance	\$798,409	\$680,735	\$273,294	\$1,752,438
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	<u>\$885,638</u>	<u>\$680,735</u>	<u>\$492,914</u>	<u>\$2,059,287</u>

YALE PUBLIC SCHOOLS - YALE, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2022

	<u>Food Service</u>	<u>Student Activities</u>	<u>Latch Key</u>	<u>Total</u>
<u>REVENUES</u>				
<u>Local Sources</u>				
Food Sales	\$96,157	\$0	\$0	\$96,157
Community Services	0	0	242,266	242,266
Student Activities	0	594,474	0	594,474
Other Local Revenue	240	0	0	240
Earnings on Investments and Deposits	1,314	0	474	1,788
Total Local Sources	<u>\$97,711</u>	<u>\$594,474</u>	<u>\$242,740</u>	<u>\$934,925</u>
<u>State Sources</u>	28,363	0	0	28,363
<u>Federal Sources</u>	1,351,153	0	169,968	1,521,121
Total Revenues	<u>\$1,477,227</u>	<u>\$594,474</u>	<u>\$412,708</u>	<u>\$2,484,409</u>
<u>OTHER FINANCING SOURCES</u>				
Transfers from Other Funds	8	0	0	8
Other Transfers	1,273	0	0	1,273
Total Other Financing Sources	<u>\$1,281</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,281</u>
Total Revenues and Other Financing Sources	<u>\$1,478,508</u>	<u>\$594,474</u>	<u>\$412,708</u>	<u>\$2,485,690</u>
<u>EXPENDITURES</u>				
Salaries - Professional	0	0	70,875	70,875
Salaries - Non-Professional	77,198	0	71,857	149,055
Insurances	3,435	0	0	3,435
Fica, Retirement, Etc.	41,587	0	72,981	114,568
Other Benefits	591	0	430	1,021
Purchased Services	260,631	0	3,487	264,118
Supplies and Materials	549,647	0	6,689	556,336
Capital Outlay	143,779	0	0	143,779
Other	14,054	465,943	100	480,097
Total Expenditures	<u>\$1,090,922</u>	<u>\$465,943</u>	<u>\$226,419</u>	<u>\$1,783,284</u>
<u>OTHER FINANCING USES</u>				
Transfers to Other Funds	35,000	0	32,000	67,000
Total Expenditures and Other Financing Uses	<u>\$1,125,922</u>	<u>\$465,943</u>	<u>\$258,419</u>	<u>\$1,850,284</u>
<u>EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>				
	\$352,586	\$128,531	\$154,289	\$635,406
<u>FUND BALANCE - BEGINNING OF YEAR</u>				
	<u>445,823</u>	<u>552,204</u>	<u>119,005</u>	<u>1,117,032</u>
<u>FUND BALANCE - END OF YEAR</u>				
	<u>\$798,409</u>	<u>\$680,735</u>	<u>\$273,294</u>	<u>\$1,752,438</u>

YALE PUBLIC SCHOOLS - YALE, MICHIGAN
COMBINING BALANCE SHEET
DEBT RETIREMENT FUNDS
JUNE 30, 2022

	Technology Debt	2012 Debt	2015 Debt	TOTALS
<u>ASSETS</u>				
Cash and Cash Equivalents	\$0	\$7,543	\$173,322	\$180,865
Investments	0	7,675	5,362	13,037
Taxes Receivable	0	110,105	110,105	220,210
<u>TOTAL ASSETS</u>	<u>\$0</u>	<u>\$125,323</u>	<u>\$288,789</u>	<u>\$414,112</u>
<u>FUND EQUITY</u>				
Restricted - Debt Retirement	<u>\$0</u>	<u>\$125,323</u>	<u>\$288,789</u>	<u>\$414,112</u>

YALE PUBLIC SCHOOLS - YALE, MICHIGAN
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
DEBT RETIREMENT FUNDS
YEAR ENDED JUNE 30, 2022

	<u>Technology Debt</u>	<u>2012 Debt</u>	<u>2015 Debt</u>	<u>Total After Interfund Eliminations</u>
<u>REVENUES</u>				
<u>Local Sources</u>				
Property Tax Levy	\$444,046	\$699,623	\$855,713	\$1,999,382
Earnings on Investments and Deposits	44	380	801	1,225
Total Local Sources	<u>\$444,090</u>	<u>\$700,003</u>	<u>\$856,514</u>	<u>\$2,000,607</u>
<u>State Sources</u>				
Total Revenues	<u>0</u>	<u>8,162</u>	<u>0</u>	<u>8,162</u>
	<u>\$444,090</u>	<u>\$708,165</u>	<u>\$856,514</u>	<u>\$2,008,769</u>
<u>EXPENDITURES</u>				
Redemption of Bonds	460,000	645,000	685,000	1,790,000
Interest on Bonded Debt	8,050	39,150	122,985	170,185
Other Debt Retirement Expense	0	300	380	680
Total Expenditures	<u>\$468,050</u>	<u>\$684,450</u>	<u>\$808,365</u>	<u>\$1,960,865</u>
<u>EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES</u>				
	(\$23,960)	\$23,715	\$48,149	\$47,904
<u>FUND BALANCE - BEGINNING OF YEAR</u>				
	<u>23,960</u>	<u>101,608</u>	<u>240,640</u>	<u>366,208</u>
<u>FUND BALANCE - END OF YEAR</u>				
	<u>\$0</u>	<u>\$125,323</u>	<u>\$288,789</u>	<u>\$414,112</u>

YALE PUBLIC SCHOOLS - YALE, MICHIGAN
PRIVATE PURPOSE TRUSTS
STATEMENT OF REVENUE AND EXPENDITURES
YEAR ENDED JUNE 30, 2022

<u>THELMA STEWART SCHOLARSHIP FUND</u>		
<u>BALANCE - JULY 1, 2021</u>		\$318,678
<u>REVENUE</u>		
Interest		3,996
<u>EXPENDITURES</u>		
Scholarship Awards		5,000
<u>BALANCE - JUNE 30, 2022</u>		\$317,674
<u>BETTE GUILLIANI SCHOLARSHIP FUND</u>		
<u>BALANCE - JULY 1, 2021</u>		\$32,407
<u>REVENUE</u>		
Interest		399
<u>EXPENDITURES</u>		
Scholarships		810
<u>BALANCE - JUNE 30, 2022</u>		\$31,996
<u>EVA GRAHAM SCHOLARSHIP FUND</u>		
<u>BALANCE - JULY 1, 2021</u>		\$123,505
<u>REVENUE</u>		
Interest		1,550
<u>EXPENDITURES</u>		
Scholarships		1,000
<u>BALANCE - JUNE 30, 2022</u>		\$124,055
<u>ALL SCHOLARSHIP FUNDS</u>		
<u>BALANCE - JUNE 30, 2022</u>		\$473,725

YALE PUBLIC SCHOOLS - YALE, MICHIGAN
GENERAL OBLIGATION SERIAL BONDS
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
JUNE 30, 2022

2012 DEBT REFUNDING BONDS					
Payment Date	Principal Requirement	Rate	May Interest Requirement	Nov Interest Requirement	Total Requirement
2022-2023	\$660,000	3.00%	\$9,900	\$9,900	\$679,800
2012 SCHOOL IMPROVEMENT BONDS					
Payment Date	Principal Requirement	Rate	May Interest Requirement	Nov Interest Requirement	Total Requirement
2022-2023	\$85,000	4.10%	\$6,765	\$8,508	\$100,273
2023-2024	85,000	4.10%	5,023	6,765	96,788
2024-2025	85,000	4.10%	3,280	5,022	93,302
2025-2026	85,000	4.10%	1,538	3,280	89,818
2026-2027	75,000	4.10%	0	1,538	76,538
<u>TOTALS</u>	<u>\$415,000</u>		<u>\$16,606</u>	<u>\$25,113</u>	<u>\$456,719</u>
2015 DEBT REFUNDING BONDS					
Payment Date	Principal Requirement	Rate	May Interest Requirement	Nov Interest Requirement	Total Requirement
2022-2023	\$795,000	2.70%	\$52,245	\$52,245	\$899,490
2023-2024	785,000	2.70%	41,513	41,513	868,026
2024-2025	775,000	2.70%	30,915	30,915	836,830
2025-2026	760,000	2.70%	20,453	20,453	800,906
2026-2027	755,000	2.70%	10,193	10,193	775,386
<u>TOTALS</u>	<u>\$3,870,000</u>		<u>\$155,319</u>	<u>\$155,319</u>	<u>\$4,180,638</u>
2022 SCHOOL BUILDING BONDS					
Payment Date	Principal Requirement	Rate	May Interest Requirement	Nov Interest Requirement	Total Requirement
2022-2023	\$110,000	2.00%	\$282,944	\$363,111	\$756,055
2023-2024	755,000	2.00%	281,844	281,844	1,318,688
2024-2025	835,000	2.00%	274,294	274,293	1,383,587
2025-2026	955,000	2.00%	265,943	265,944	1,486,887
2026-2027	1,075,000	2.25%	256,394	256,394	1,587,788
2027-2028	1,490,000	4.00%	244,300	244,300	1,978,600
2028-2029	1,555,000	5.00%	214,500	214,500	1,984,000
2029-2030	1,635,000	5.00%	175,625	175,625	1,986,250
2030-2031	1,720,000	5.00%	134,750	134,750	1,989,500
2031-2032	1,810,000	5.00%	91,750	91,750	1,993,500
2032-2033	1,860,000	5.00%	46,500	46,500	1,953,000
<u>TOTALS</u>	<u>\$13,800,000</u>		<u>\$2,268,844</u>	<u>\$2,349,011</u>	<u>\$18,417,855</u>

YALE PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

Federal Grantor/ Pass - Through Grantor/ Program Title	Federal ALN	Pass- Through Project Number	Approved Grant Award Amount	Accrued (Unearned) Revenue July 1, 2021	Prior Year Expenditures	Current Year Expenditures	Adjustments Prior Years	Current Year Cash/ Payment In Kind Received	Accrued (Unearned) Revenue June 30, 2022
U.S. DEPARTMENT OF EDUCATION									
Passed Through Michigan Department of Education:									
Title I Grants to Local Educational Agencies:	84.010								
ESEA Title I - Regular (20-21)		211530-2021	\$260,701	\$66,705	\$223,417	\$12,379	\$0	\$79,084	\$0
ESEA Title I - Regular (21-22)		221530-2122	248,332	0	0	229,606	0	70,705	158,901
Total ALN 84.010			\$509,033	\$66,705	\$223,417	\$241,985	\$0	\$149,789	\$158,901
Title II - Supporting Effective Instruction	84.367								
Title IIA (19-20)		200520-1920	58,002	50,477	55,757	0	3,189	53,666	0
Title IIA (20-21)		210520-2021	57,067	2,659	42,445	1	0	2,660	0
Title IIA (21-22)		220520-2122	62,632	0	0	21,886	0	10,241	11,645
Total ALN 84.367			\$177,701	\$53,136	\$98,202	\$21,887	\$3,189	\$66,567	\$11,645
Student Support & Academic Enrichment	84.424								
Title IV (20-21)		210750-2021	18,089	1,534	12,330	1,703	0	3,237	0
Title IV (21-22)		220750-2122	21,420	0	0	21,420	0	16,680	4,740
Total ALN 84.424			\$39,509	\$1,534	\$12,330	\$23,123	\$0	\$19,917	\$4,740
Effective Use of Technology									
Title IV (21-22)	84.424A	210775-2022	19,232	0	0	11,634	0	0	11,634
Education Stabilization Fund									
Covid 19 - GEER II - Teacher & Support Staff	84.425C	211202-2122	35,750	0	0	35,750	0	35,750	0
Covid 19 - ESSER II Formula Funds	84.425D	213712-2021	825,079	359,735	359,735	465,344	0	359,735	465,344
Covid 19 - ESSER II - Summer Programming K-8	84.425D	213722-2122	100,650	0	0	100,650	0	88,309	12,341
Covid 19 - ESSER II - Credit Recovery 9-12	84.425D	213742-2122	31,900	0	0	31,900	0	26,566	5,334
Covid 19 - ESSER II - Before & After School Program	84.425D	213752-2122	25,000	0	0	23,188	0	0	23,188
Covid 19 - ESSER III American Rescue Plan	84.425U	213713-2122	1,235,338	0	0	738,311	0	0	738,311
Total ALN 84.425			\$2,253,717	\$359,735	\$359,735	\$1,395,143	\$0	\$510,360	\$1,244,518
Total Passed Through Michigan Department of Education			\$2,999,192	\$481,110	\$693,684	\$1,693,772	\$3,189	\$746,633	\$1,431,438
Passed Through St. Clair County RESA:									
Special Education - Grants to States:	84.027								
IDEA Flowthrough (20-21)		210450-2021	516,565	197,279	516,565	0	0	197,279	0
IDEA Flowthrough (21-22)		220450-2122	514,119	0	0	514,119	0	349,539	164,580
Covid 19 - ARP IDEA Flowthrough (21-22)		221280-2122	81,096	0	0	81,096	0	81,096	0
Total ALN 84.027			\$1,111,780	\$197,279	\$516,565	\$595,215	\$0	\$627,914	\$164,580

YALE PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

Federal Grantor/ Pass - Through Grantor/ Program Title	Federal ALN	Pass- Through Project Number	Approved Grant Award Amount	Accrued (Unearned) Revenue July 1, 2021	Prior Year Expenditures	Current Year Expenditures	Adjustments Prior Years	Current Year Cash/ Payment In Kind Received	Accrued (Unearned) Revenue June 30, 2022
<u>U.S. DEPARTMENT OF EDUCATION(Continued)</u>									
Passed Through St. Clair County RESA:									
Special Education - Preschool Grants	84.173								
IDEA PPI (20-21)		210460-2021	\$19,338	\$5,689	\$19,338	\$2,059	\$0	\$7,748	\$0
IDEA PPI (20-21)		220460-2122	14,262	0	0	14,262	0	14,262	0
ARP IDEA Preschool (21-22)		221285-2122	2,953	0	0	2,953	0	2,953	0
Total ALN 84.173			\$36,553	\$5,689	\$19,338	\$19,274	\$0	\$24,963	\$0
Total Special Education Cluster			\$1,148,333	\$202,968	\$535,903	\$614,489	\$0	\$652,877	\$164,580
English Language Acquisition Grant	84.365								
Title III (20-21)		210580-2021	2,088	2,068	2,068	0	0	2,068	0
Title III (21-22)		220580-2122	1,143	0	0	641	0	0	641
Total ALN 84.365			\$3,231	\$2,068	\$2,068	\$641	\$0	\$2,068	\$641
Total Passed Through St. Clair County RESA			\$1,151,564	\$205,036	\$537,971	\$615,130	\$0	\$654,945	\$165,221
<u>TOTAL U.S. DEPARTMENT OF EDUCATION</u>			\$4,150,756	\$686,146	\$1,231,655	\$2,308,902	\$3,189	\$1,401,578	\$1,596,659
<u>U.S. DEPARTMENT OF AGRICULTURE</u>									
Passed Through Michigan Department of Education:									
Covid 19 - Seamless Summer Option - Breakfast	10.553	221971	371,780	0	0	371,780	0	371,780	0
Non-Cash Assistance									
Entitlement Commodities	10.555	N/A	67,449	0	0	67,449	0	67,449	0
Cash Assistance									
Covid 19 - Emergency Operations-SNP Meals	10.555	211965-2021	34,664	0	0	34,664	0	34,664	0
Covid 19 - Supply Chain Assistance	10.555	220910-2022	36,464	0	0	0	0	36,464	(36,464)
Covid 19 - Seamless Summer Option - Lunch	10.555	221961	876,646	0	0	876,646	0	876,646	0
Total ALN 10.555			\$1,015,223	\$0	\$0	\$978,759	\$0	\$1,015,223	(\$36,464)
Total Nutrition Cluster			\$1,387,003	\$0	\$0	\$1,350,539	\$0	\$1,387,003	(\$36,464)
Covid 19 - Pandemic-EBT Local Costs	10.649	210980-2021	614	0	0	614	0	614	0
<u>TOTAL U.S. DEPARTMENT OF AGRICULTURE</u>			\$1,387,617	\$0	\$0	\$1,351,153	\$0	\$1,387,617	(\$36,464)

YALE PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

Federal Grantor/ Pass - Through Grantor/ Program Title	Federal ALN	Pass- Through Project Number	Approved Grant Award Amount	Accrued (Unearned) Revenue July 1, 2021	Prior Year Expenditures	Current Year Expenditures	Adjustments Prior Years	Current Year Cash/ Payment In Kind Received	Accrued (Unearned) Revenue June 30, 2022
<u>U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES</u>									
Passed Through St. Clair County RESA:									
Medicaid (20-21)	93.778	Unknown	\$6,933	\$1,678	\$6,933	\$0	\$0	\$1,678	\$0
Medicaid (21-22)		Unknown	13,922	0	0	13,922	0	8,433	5,489
			<u>\$20,855</u>	<u>\$1,678</u>	<u>\$6,933</u>	<u>\$13,922</u>	<u>\$0</u>	<u>\$10,111</u>	<u>\$5,489</u>
<u>TOTAL U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES</u>									
			<u>\$5,559,228</u>	<u>\$687,824</u>	<u>\$1,238,588</u>	<u>\$3,673,977</u>	<u>\$3,189</u>	<u>\$2,799,306</u>	<u>\$1,565,684</u>

YALE PUBLIC SCHOOLS - YALE, MICHIGAN
NOTES/RECONCILIATION TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

<u>FEDERAL REVENUE RECOGNIZED FOR THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</u>	<u>\$3,673,977</u>
 <u>FEDERAL REVENUE RECOGNIZED PER THE GENERAL PURPOSE FINANCIAL STATEMENTS</u>	
General Fund	\$2,340,548
School Service Fund	1,351,153
Latchkey Fund	169,968
Total	<u>\$3,861,669</u>
Less: Child Care Funds - Latchkey Fund - Not Subject to Single Audit	(169,968)
Less: QZAB Energy Bonds Interest Subsidy - in General Fund - Not Subject to Single Audit	<u>(17,724)</u>
 <u>TOTAL</u>	 <u>\$3,673,977</u>

- 1) Basis of Presentation - The accompanying schedule of expenditures of federal awards includes the federal grant activity of Yale Public Schools for the year ended June 30, 2022.

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the schedule presents only a selected portion of the operations of Yale Public Schools, it is not intended to and does not present the financial position or changes in net position of Yale Public Schools.

Management has utilized the NexSys System in preparing the Schedule of Expenditures of Federal Awards. All differences between the Schedule of Expenditures of Federal Awards and the Grant Auditor's Report have been reconciled in the attached reconciliation on page 52 of this report.

The District qualifies for low-risk auditee status.

- 2) Summary of Significant Accounting Policies - Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Expenditures are recognized following the cost principles in the Uniform Guidance as applicable, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

The District has elected not to use the 10 percent de minimis indirect cost rate to recover indirect costs as allowed under the Uniform Guidance.

- 3) Noncash Assistance - The value of noncash assistance received was determined in accordance with the provisions of the Uniform Guidance. The grantee received no noncash assistance during the year ended June 30, 2022 that is not included on the schedule of expenditures of federal awards.
- 4) The District did not pass-through any federal awards to sub recipients.
- 5) An adjustment of \$3,189 was made to the Title II grant (ALN 84.367) due to an overpayment the state. The District has recorded this as a payable as of June 30, 2022.

YALE PUBLIC SCHOOLS - YALE, MICHIGAN
RECONCILIATION OF FORM "GRANT AUDITOR'S REPORT"
TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

<hr/> <hr/>	
Current Payments Per the Grant Auditor's Report	
NexSys System	\$2,796,497
Less: Reported in the NexSys System in the Current Year but recorded as receivables by the District	
Title I (ALN 84.010)	(\$158,901)
Title II (ALN 84.367)	(11,645)
Student Support & Academic Enrichment (ALN 84.424)	(4,740)
Effective Use of Technology (ALN 84.424A)	(11,634)
ESSER II Formula Funds (ALN 84.425D)	(963,446)
Total	(1,150,366)
Add: Reported on the NexSys System in the Prior Year but received by the District in the Current Year	
Title I (ALN 84.010)	\$58,276
Title II (ALN 84.367)	2,659
ESSER II Formula Funds (ALN 84.425D)	359,735
Total	420,670
<u>Add:</u> Grants Passed Through St. Clair County RESA	
Special Education Grants (ALN 84.027)	\$627,914
Special Education - Preschool Grants (ALN 84.173)	24,963
English Language Acquisition Grant (ALN 84.365)	2,068
Medicaid (ALN 93.778)	10,111
Total Grants Passed Through St. Clair County RESA	665,056
Entitlement and Bonus Commodities	67,449
<u>TOTAL CURRENT YEAR RECEIPTS PER SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</u>	\$2,799,306



October 3, 2022

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

To the Board of Education of
Yale Public Schools

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Yale Public Schools, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Yale Public Schools' basic financial statements, and have issued our report thereon dated October 3, 2022.

Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Lewis & Knopf, P.C.

LEWIS & KNOPF, P.C.
CERTIFIED PUBLIC ACCOUNTANTS



October 3, 2022

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Education of
Yale Public Schools

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Yale Public Schools compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Yale Public Schools' major federal programs for the year ended June 30, 2022. Yale Public Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Yale Public Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Yale Public Schools' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Yale Public Schools' compliance with the requirements of each major federal program as a whole.

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

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items (2022-001). Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Yale Public Schools' response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Yale Public Schools' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

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

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

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

Lewis & Knopf, P.C.

LEWIS & KNOPF, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

YALE PUBLIC SCHOOLS
SUMMARY OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency (ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency (ies) identified? Yes None reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516 (a)? Yes No

Identification of major programs:

ALN	Name of Federal Program or Cluster
84.425C/84.425D/84.425U	Education Stabilization Fund

Dollar threshold use to distinguish between type A and type B programs: \$ 750,000.00

Auditee qualified as low-risk auditee? Yes No

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no findings for the current year.

YALE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2022-001 (Repeat Finding)

Program Name – (Nutrition Cluster) National School Breakfast and National School Lunch, U.S. Department of Agriculture, passed through Michigan Department of Education. CFDA #10.553/ 10.555/10.559.

Pass-through Entity – Michigan Department of Education

Finding Type - Noncompliance

Criteria – Federal register section 7 CFR Part 210.14b requires school districts to limit its School Breakfast and Lunch Fund net resources to an amount that does not exceed three months average expenditures.

Condition – The District’s net cash resources exceeded three months average expenditures at June 30, 2022.

Questioned Costs – None

Context – The District did not meet the three months average expenditure test at June 30, 2022.

Cause/Effect – Management did not monitor net cash resources to ensure they did not exceed three months average expenditures.

Recommendation: We recommend that the District review the Food Service Fund net cash resources periodically to ensure that the fund will not have an excess of three months average expenditures at the fiscal year end. The District should take this requirement into consideration when preparing the annual budget, and any subsequent adjustments to the budget.

YALE PUBLIC SCHOOLS
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2021-001 (Repeat Finding)

Program Name – (Nutrition Cluster) National School Breakfast and National School Lunch, U.S. Department of Agriculture, passed through Michigan Department of Education. CFDA #10.553/ 10.555/10.559.

Pass-through Entity – Michigan Department of Education

Finding Type - Noncompliance

Criteria – Federal register section 7 CFR Part 210.14b requires school districts to limit its School Breakfast and Lunch Fund net resources to an amount that does not exceed three months average expenditures.

Condition – The District’s net cash resources exceeded three months average expenditures at June 30, 2021.

Questioned Costs – None

Context – The District did not meet the three months average expenditure test at June 30, 2021.

Cause/Effect – Management did not monitor net cash resources to ensure they did not exceed three months average expenditures.

Recommendation: We recommend that the District review the Food Service Fund net cash resources periodically to ensure that the fund will not have an excess of three months average expenditures at the fiscal year end. The District should take this requirement into consideration when preparing the annual budget, and any subsequent adjustments to the budget.

Yale Public Schools

HOME OF THE



198 School Drive - Yale, Michigan 48097

Phone: 810-387-3231 - Fax 810-387-4418

Kurt Sutton
Superintendent of Schools

Board of Education

President – Mr. Peter M. Bullard

Vice-President – Mrs. Dena French

Treasurer – Mr. Ron Charney

Secretary – Mr. Mark Hurlburt

Trustee – Mr. Greg Hoppe

Trustee – Mr. Anthony Lashbrook

Trustee – Mr. Michael Johnson

September 15, 2022

Dear MDE Representative,

Yale Public Schools has been notified by its auditing team a Corrective Action Plan needs to be completed for the excess fund balance identified as of June 30, 2022 in the food service fund. Listed below are the reasons for the additional funds.

By December 2021, the district had spent its excess fund balance from the prior year replacing equipment and was monitoring profit/loss statements to ensure we would not end the 2021-2022 fiscal year in the same condition.

Additional participation in the food service program and a greater than normal reimbursement rate provided a significant increase in available funds without corresponding costs. Although additional equipment was identified and scheduled for replacement, delivery and supply issues caused a delay in the ordering process.

In closing I want to confirm the district agrees to comply with the required oversight as prescribed by MDE. Joann Faille, Food Service Director and Rebekah Silkworth, Director of Business Services will work together to ensure the extra funds are spent as soon as possible.

Both employees agree to monitor the profit and loss calculations on a quarterly basis to ensure the food service fund balance does not exceed three months operating costs.

Sincerely,

A handwritten signature in black ink that reads "Kurt Sutton".

Kurt Sutton

rjs



October 3, 2022

To the Board of Education of
Yale Public Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Yale Public Schools for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 17, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Yale Public Schools are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the 2021-2022 year. During the fiscal year, the District implemented Governmental Accounting Standards Board Statement No. 87, *Leases*. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Estimates have been used to calculate the net pension and net OPEB liabilities.

Estimates have been used in calculating the liability for employee compensated absences.

We evaluated the key factors and assumptions used to develop the balance of employee compensated absences in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's determination of the estimated life span of the capital assets.

We evaluated the key factors and assumptions used by management to develop the estimated life span of the capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 3, 2022.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to required supplementary information (RSI) which are required and supplement the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Yale Public Schools
Page 3
October 3, 2022

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

Restriction on Use

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

Very truly yours,



LEWIS & KNOFF, P.C.
CERTIFIED PUBLIC ACCOUNTANTS