

YALE PUBLIC SCHOOLS

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

JUNE 30, 2021

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October 6, 2021

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Yale Public Schools

Report on the Financial Statements

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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, 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.

Other 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 combining and individual non-major fund and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual non-major fund and other schedules and the schedule of expenditures of federal awards are 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. Such 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 non-major fund, 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 6, 2021, 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 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, 2021.

Financial Highlights

- * The liabilities of the District exceeded its assets at the close of the most recent fiscal year by \$17,679,003 (net position).
- * The District's total net position increased by \$2,773,168. The increase was primarily due to receipt of Coronavirus-related grant funds and changes in the liability for retirees reported in the district financial statements.
- * The general fund had an increase in fund balance of \$712,757. At the end of the year, unassigned fund balance for the general fund was \$4,804,414, or 24%, of total general fund expenditures. Total fund balance for the general fund was \$5,677,828, or 28%, of total general fund expenditures.

Overview of the District for the Fiscal Year

Despite the challenging health issues Yale School District staff and students faced due to the pandemic, academic programs and services were available for learners. Academic progress was made in fiscal year 2020-2021, despite the required mandates from the state.

Pandemic-related grants mitigated district out-of-pocket costs for personal protective devices, additional staff for smaller class sizes and safety-related cleaning equipment and supplies.

Covid Note

Both academic and social/emotional support was provided to students during the March-June shutdown. Although there is no substitute for face-to-face instruction, YPSD staff and students showed their resiliency to ensure the learning process continued during this unprecedented period.

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 Food Service 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>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Other Assets	\$11,209,786	\$9,298,275
Capital Assets	<u>20,161,021</u>	<u>20,381,990</u>
<u>TOTAL ASSETS</u>	\$31,370,807	\$29,680,265
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
	<u>10,697,046</u>	<u>12,575,108</u>
<u>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	\$42,067,853	\$42,255,373
<u>LIABILITIES</u>		
Other Liabilities	45,190,741	46,263,651
Long-Term Liabilities	<u>7,145,964</u>	<u>9,039,907</u>
Total Liabilities	\$52,336,705	\$55,303,558
<u>DEFERRED INFLOWS OF RESOURCES</u>		
	<u>7,410,151</u>	<u>7,403,986</u>
<u>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>	\$59,746,856	\$62,707,544
<u>NET POSITION</u>		
Net Investment in Capital Assets	13,521,876	11,924,434
Restricted	1,959,216	1,313,905
Unrestricted	<u>(33,160,095)</u>	<u>(33,690,510)</u>
<u>TOTAL NET POSITION</u>	<u>(\$17,679,003)</u>	<u>(\$20,452,171)</u>

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, \$1,959,216, 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 2021.

YALE PUBLIC SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS:

For the fiscal years ended June 30, 2021 and 2020, the District wide results of operations were:

	<u>2021</u>	<u>2020</u>
<u>REVENUES</u>		
<u>Program Revenues</u>		
Charges for Services	\$634,848	\$972,713
Operating Grants	<u>6,441,884</u>	<u>4,484,449</u>
Total Program Revenues	\$7,076,732	\$5,457,162
<u>General Revenues:</u>		
Property Taxes	5,377,608	5,182,244
State Sources - Unrestricted	11,701,151	11,595,849
Interdistrict Sources	831,380	735,017
Other General Revenues	<u>123,292</u>	<u>222,030</u>
Total General Revenues	<u>\$18,033,431</u>	<u>\$17,735,140</u>
Total Revenues	\$25,110,163	\$23,192,302
<u>EXPENSES</u>		
Instruction & Instructional Support	11,871,871	11,933,924
Support Services	7,914,180	7,740,729
Community Services/Latchkey	192,005	202,633
Food Service	809,447	746,757
Student Activities	271,581	470,479
Interest on Long-Term Debt	248,335	297,182
Depreciation	<u>1,029,576</u>	<u>1,046,478</u>
Total Expenses	<u>\$22,336,995</u>	<u>\$22,438,182</u>
<u>CHANGE IN NET POSITION</u>	<u>\$2,773,168</u>	<u>\$754,120</u>

The District's net position increased by \$2,773,168 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 1,888 in 2019-20 to 1,876 in 2020-21.

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 \$20,982,683. That amount is more than the final budget estimate of \$20,780,700. The variance was \$201,983 or 1%.

The actual expenditures and other financing uses of the general fund were \$20,269,926, which is below the final budget estimate of \$20,846,800. The variance was \$576,874 or 3%. The variance was due to increases in revenue from an additional allocation for UAAL funding in August 2021, adjustments to special education reimbursements, additional covid-related grant payments, and a transfer in from SCCRESA for Medicaid reimbursements. Expenditures budgeted but not spent by the end of the fiscal year included reimbursable grant costs, transportation and operation set-aside not needed at year end.

The general fund had total revenues of \$20,982,683 and total expenditures of \$20,269,926 with a net increase in fund balance of \$712,757 and an ending fund balance of \$5,677,828.

Capital Asset and Debt Administration

A. Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2021 amounted to \$20,161,021 (net of accumulated depreciation). 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:

	<u>Capital Assets</u> <u>(Net of Depreciation)</u>	
	<u>2021</u>	<u>2020</u>
Land	\$519,650	\$519,650
Buildings and Improvements	17,865,699	18,554,228
Equipment and Furniture	947,645	942,312
Vehicles	828,027	365,800
<u>Total capital assets, net</u>	<u>\$20,161,021</u>	<u>\$20,381,990</u>

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 \$7,145,964. Long-term debt at fiscal year-end included the following:

	Long-Term Debt	
	2021	2020
General Obligation Bonds	\$6,848,398	\$8,708,244
Compensated Absences	297,566	331,663
<u>Total Long-Term Debt</u>	<u>\$7,145,964</u>	<u>\$9,039,907</u>

The District's total bonded debt decreased by \$1,835,000 during the current fiscal year due to the District making scheduled debt payments. 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 2021-22 fiscal year:

* Foundation Allowance

The Board of Education and Administration agreed to an estimate of a foundation allowance of \$8,211, 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 1821 – 55 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 2021-2022, a very modest increase to 28.23% from 28.21% on the majority of district payroll costs will be effective October 1, 2021. Additionally, the District will be required to pay an estimated 15.05%, for all wages earned October 1, 2021 and later, for the Unfunded Actuarial Accrued Liability (UAAL).

* The Yale Public Schools' 2021/2022 adopted budget is as follows:

<u>REVENUE</u>	\$19,103,300
<u>EXPENDITURES</u>	19,970,400
<u>NET (UNDER) BUDGET</u>	(\$867,100)

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, 2021

	Governmental Activities
<u>ASSETS</u>	
Cash and Cash Equivalents	\$7,484,768
Investments	93,828
Receivables:	
Accounts Receivable	5,126
Due from Other Governmental Unit:	3,615,766
Inventory	3,984
Prepaid Expenditures	6,314
Capital Assets, Not Being Depreciated - Land	519,650
Capital Assets, Net of Accumulated Depreciation	19,641,371
Total Assets	\$31,370,807
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred Charge on Refunding	209,253
Related to Pensions	7,779,479
Related to Postemployment Benefit:	2,708,314
Total Deferred Outflows of Resource:	\$10,697,046
<u>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	\$42,067,853
<u>LIABILITIES</u>	
Accounts Payable	96,185
State Aid Note Payable	200,113
Due to Other Governmental Unit:	252,157
Salaries Payable	1,144,309
Accrued Expenditures:	746,875
Unearned Revenue	16,071
Non-Current Liabilities - Due Within One Year	1,899,846
Non-Current Liabilities - Due in More than One Year:	5,246,118
Net Pension Liability	36,994,699
Net Other Postemployment Benefits Liability:	5,740,332
Total Liabilities	\$52,336,705
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Related to State Aid Funding for Pension and Other Postemployment Benefit	1,386,239
Related to Pensions	1,307,210
Related to Other Postemployment Benefit	4,716,702
Total Deferred Inflows of Resource:	\$7,410,151
<u>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>	\$59,746,856
<u>NET POSITION</u>	
Net Investment in Capital Assets	13,521,876
Restricted	2,115,540
Unrestricted	(33,316,419)
<u>TOTAL NET POSITION</u>	(\$17,679,003)

See notes to the financial statements

YALE PUBLIC SCHOOLS - YALE, MICHIGAN
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

<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	\$11,871,871	\$0	\$5,475,682	(\$6,396,189)
Support Services	7,914,180	54,530	6,478	(7,853,172)
Community Services/Latchkey	192,005	184,488	0	(7,517)
Food Service	809,447	62,452	959,724	212,729
Student Activities	271,581	333,378	0	61,797
Interest - Long-Term Obligations	248,335	0	0	(248,335)
Depreciation - Unallocated	1,029,576	0	0	(1,029,576)
<u>Total Governmental Activities:</u>	<u>\$22,336,995</u>	<u>\$634,848</u>	<u>\$6,441,884</u>	<u>(\$15,260,263)</u>
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purposes				2,888,464
Property Taxes, Levied for Debt Retirement				447,787
Property Taxes, Levied for Capital Projects				2,041,357
State Sources - Unrestricted				11,701,151
Interdistrict Sources				831,380
Investment Earnings				38,144
Other				85,148
Total General Revenues				<u>\$18,033,431</u>
Change in Net Position				<u>\$2,773,168</u>
Net Position - Beginning of Year				<u>(20,452,171)</u>
<u>NET POSITION - END OF YEAR</u>				<u>(\$17,679,003)</u>

See notes to the financial statements.

YALE PUBLIC SCHOOLS - YALE, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Food Service Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and Cash Equivalents	\$4,410,666	\$750,677	\$2,323,425	\$7,484,768
Investments	80,818	0	13,010	93,828
Receivables:				
Accounts Receivable	5,126	0	0	5,126
Due from Other Funds	276,973	5,886	325,000	607,859
Due from Other Governmental Units	3,610,461	4,534	771	3,615,766
Inventory	0	3,984	0	3,984
Prepaid Expenditures	6,314	0	0	6,314
<u>TOTAL ASSETS</u>	<u>\$8,390,358</u>	<u>\$765,081</u>	<u>\$2,662,206</u>	<u>\$11,817,645</u>
<u>LIABILITIES</u>				
Accounts Payable	\$68,147	\$28,038	\$0	\$96,185
State Aid Note Payable	200,113	0	0	200,113
Due to Other Funds	330,886	276,973	0	607,859
Due to Other Governmental Units	252,157	0	0	252,157
Salaries Payable	1,144,309	0	0	1,144,309
Accrued Expenditures	711,303	3,791	0	715,094
Unearned Revenue	5,615	10,456	0	16,071
Total Liabilities	<u>\$2,712,530</u>	<u>\$319,258</u>	<u>\$0</u>	<u>\$3,031,788</u>
<u>FUND BALANCE</u>				
Non-Spendable				
Inventory	0	3,984	0	3,984
Prepaid Expenditures	6,314	0	0	6,314
Restricted				
Debt Retirement	0	0	366,208	366,208
Capital Projects	0	0	1,624,789	1,624,789
Food Service	0	441,839	0	441,839
Committed				
Student Activities	0	0	552,204	552,204
Assigned				
Subsequent Year Expenditures	867,100	0	0	867,100
Latchkey	0	0	119,005	119,005
Unassigned	4,804,414	0	0	4,804,414
Total Fund Balance	<u>\$5,677,828</u>	<u>\$445,823</u>	<u>\$2,662,206</u>	<u>\$8,785,857</u>
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	<u>\$8,390,358</u>	<u>\$765,081</u>	<u>\$2,662,206</u>	<u>\$11,817,645</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, 2021

Total Governmental Fund Balances:		\$8,785,857
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred Charges - Refunding Loss		209,253
Deferred Outflows of Resources - Related to Pensions		7,779,479
Deferred Outflows of Resources - Related to Postemployment Benefits		2,708,314
Deferred Inflows Related to State Aid Funding for Pension and Other Postemployment Benefits		(1,386,239)
Deferred Inflows of Resources - Related to Pensions		(1,307,210)
Deferred Inflows of Resources - Related to Other Postemployment Benefits		(4,716,702)
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Capital Assets	\$40,802,860	
Less: Accumulated Depreciation	<u>(20,641,839)</u>	
Capital Assets, Net of Accumulated Depreciation		20,161,021
Accrued Interest on Long-Term Debt		(31,781)
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	\$6,848,398	
Compensated Absences	<u>297,566</u>	
Total Long-Term Liabilities		(7,145,964)
Net Pension Liability		(36,994,699)
Net Other Postemployment Benefits Liability		<u>(5,740,332)</u>
<u>TOTAL NET POSITION -</u>		
<u>GOVERNMENTAL ACTIVITIES</u>		<u>(\$17,679,003)</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, 2021

	General Fund	Food Service Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>REVENUES</u>				
Local Sources	\$3,026,765	\$64,314	\$3,015,564	\$6,106,643
State Sources	15,033,933	22,726	6,478	15,063,137
Federal Sources	2,026,500	936,998	116,400	3,079,898
Interdistrict Sources	831,380	0	0	831,380
Total Revenues	<u>\$20,918,578</u>	<u>\$1,024,038</u>	<u>\$3,138,442</u>	<u>\$25,081,058</u>
<u>EXPENDITURES</u>				
Instruction	11,528,117	0	0	11,528,117
Student Services	1,028,569	0	0	1,028,569
Instructional Support	755,869	0	0	755,869
General Administration	379,707	0	0	379,707
School Administration	1,512,026	0	0	1,512,026
Business Administration	433,043	0	0	433,043
Operation & Maintenance of Plant	1,936,293	0	0	1,936,293
Transportation	1,306,648	0	0	1,306,648
Support Services - Other	957,403	0	0	957,403
Outgoing Transfers and Other Uses	107,243	0	0	107,243
Food Service	0	805,224	0	805,224
Student Activities	0	0	271,581	271,581
Latch Key	0	0	185,006	185,006
Debt Retirement				
Principal	0	0	1,750,000	1,750,000
Interest	0	0	215,882	215,882
Other	0	0	1,237	1,237
Capital Outlay	0	0	223,841	223,841
Total Expenditures	<u>\$19,944,918</u>	<u>\$805,224</u>	<u>\$2,647,547</u>	<u>\$23,397,689</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$973,660	\$218,814	\$490,895	\$1,683,369
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	35,000	8	325,000	360,008
Transfers Out	(325,008)	(35,000)	0	(360,008)
Other Reimbursements	29,105	0	0	29,105
Total Other Financing Sources (Uses)	<u>(\$260,903)</u>	<u>(\$34,992)</u>	<u>\$325,000</u>	<u>\$29,105</u>
Net Change in Fund Balance	\$712,757	\$183,822	\$815,895	\$1,712,474
<u>FUND BALANCE - BEGINNING OF YEAR</u>	<u>4,965,071</u>	<u>262,001</u>	<u>1,846,311</u>	<u>7,073,383</u>
<u>FUND BALANCE - END OF YEAR</u>	<u>\$5,677,828</u>	<u>\$445,823</u>	<u>\$2,662,206</u>	<u>\$8,785,857</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, 2021

Total net change in fund balances - governmental funds \$1,712,474

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 expense.

Capital Outlay	\$812,253	
Depreciation Expense	(1,029,576)	
Loss on Sale of Assets	(3,646)	
Total		(220,969)

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. 1,835,000

Amortization of:

Deferred Refunding		(41,435)
Bond Premium - Net of Bond Discounts		24,846

Change in accrued interest on long-term liabilities 7,616

Change in accrued compensated absences 34,097

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 Benefits		(202,235)
Pension Related Items		(1,470,513)
OPEB Related Items		1,094,287

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$2,773,168

YALE PUBLIC SCHOOLS - YALE, MICHIGAN
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUND
JUNE 30, 2021

	<u>Private Purpose Trusts</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	<u>\$474,590</u>
<u>TOTAL ASSETS</u>	<u>\$474,590</u>
<u>NET POSITION - RESTRICTED FOR TRUST ACTIVITIES</u>	<u>\$474,590</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, 2021

	<u>Private Purpose Trusts</u>
<u>REVENUE</u>	
Interest	\$5,902
<u>EXPENDITURES</u>	
Scholarships	<u>6,500</u>
<u>CHANGE IN NET POSITION</u>	(\$598)
<u>NET POSITION - BEGINNING OF YEAR</u>	<u>475,188</u>
<u>NET POSITION - END OF YEAR</u>	<u><u>\$474,590</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.

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. The Food Service Fund was a major fund for the current year.

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. 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) 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.

YALE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S) 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.

T) 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.

U) 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, 2021. The District does not consider these amendments to be significant.

YALE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

2) DEPOSITS AND INVESTMENTS

As of June 30, 2021 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, 2021, \$7,257,718 of the District’s bank balance of \$8,095,170 was 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 \$7,959,358.

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.

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 External Investment Pool - MICMS	\$ 67,590	N/A	AAAm	72.04%
MILAF External Investment Pool - MIMAX	26,238	N/A	AAAm	27.96%
Total fair value	<u>\$ 93,828</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.

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.

MILAF-MIMAX investments fair value measurement is level 2.

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 is an external pooled investment fund of "qualified" investments for Michigan school districts. MILAF is not regulated nor is it registered with the SEC. MILAF reports as of June 30, 2021, the fair value of the District's investments is the same as the value of the pooled shares.

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	\$ 474,590
Cash – District Wide	7,484,768
Investments – District Wide	<u>93,828</u>
<u>TOTAL</u>	<u>\$ 8,053,186</u>

The above amounts as previously reported in Note 2:

Deposits – Including Fiduciary Funds of \$474,590	\$ 7,958,486
Petty Cash	872
Investments	<u>93,828</u>
<u>TOTAL</u>	<u>\$ 8,053,186</u>

3) RECEIVABLES – DUE FROM OTHER GOVERNMENTAL UNITS

Receivables at June 30, 2021, 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	\$ 2,758,821
Federal Grants	687,824
Other	<u>169,121</u>
<u>TOTAL</u>	<u>\$ 3,615,766</u>

YALE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

4) CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	<u>Balance</u> <u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>Ending</u>
<u>GOVERNMENTAL ACTIVITIES</u>				
Land, Not Being Depreciated	\$519,650	\$0	\$0	\$519,650
Buildings and Improvements	34,744,319	121,173	0	34,865,492
Buses and Other Vehicles	1,747,291	550,870	569,268	1,728,893
Furniture and Equipment	3,557,730	140,210	9,115	3,688,825
Totals at Historical Cost	<u>\$40,568,990</u>	<u>\$812,253</u>	<u>\$578,383</u>	<u>\$40,802,860</u>
Less: Accumulated Depreciation				
Buildings and Improvements	(16,190,091)	(809,702)	0	(16,999,793)
Buses and Other Vehicles	(1,381,491)	(88,643)	(569,268)	(900,866)
Furniture and Equipment	(2,615,418)	(131,231)	(5,469)	(2,741,180)
Total Accumulated Depreciation	<u>(\$20,187,000)</u>	<u>(\$1,029,576)</u>	<u>(\$574,737)</u>	<u>(\$20,641,839)</u>
<u>GOVERNMENTAL ACTIVITIES</u>				
<u>CAPITAL ASSETS - NET</u>	<u>\$20,381,990</u>	<u>(\$217,323)</u>	<u>\$3,646</u>	<u>\$20,161,021</u>

Depreciation 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	\$ 40,802,860
Less: Accumulated Depreciation	(20,641,839)
Add: Deferred Charge on Refunding	209,253
Less: Related Long-Term Liabilities	<u>(6,848,398)</u>
<u>NET INVESTMENT IN CAPITAL ASSETS</u>	<u>\$ 13,521,876</u>

5) SHORT-TERM DEBT

In August, 2020, the District borrowed \$1,400,000 at 0.70% on a state aid anticipation note. The note proceeds were used to meet cash flow needs for the 2020-2021 fiscal year. The note is secured by the full faith and credit of the District as well as pledged state aid. In an event of a default on the note, the state may impose a penalty interest rate and at the state's discretion, accelerate the repayment terms. Activity for the year ended June 30, 2021 is as follows:

	<u>Balance</u> <u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>Ending</u>
State Aid Note	<u>\$200,000</u>	<u>\$1,400,000</u>	<u>\$1,399,887</u>	<u>\$200,113</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, 2021:

<u>Governmental Activities:</u>	Balance			Balance Ending	Amount Due in One Year
	Beginning	Additions	Deductions		
General Obligation Bonds	\$8,708,244	\$0	\$1,859,846	\$6,848,398	\$1,899,846
Compensated Absences	331,663	0	34,097	297,566	0
<u>Total Governmental Activities</u>	<u>\$9,039,907</u>	<u>\$0</u>	<u>\$1,893,943</u>	<u>\$7,145,964</u>	<u>\$1,899,846</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. \$ 1,305,000

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. 500,000

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, matures in 2022. 460,000

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. 4,555,000

Bond Issuance Discount (31,938)

Bond Premium 60,336

TOTAL GENERAL OBLIGATION BONDS \$ 6,848,398

COMPENSATED ABSENCES 297,566

TOTAL GENERAL LONG-TERM OBLIGATIONS \$ 7,145,964

The annual requirements to amortize long-term obligations outstanding exclusive of employment benefit obligation payments as of June 30, 2021 are as follows:

	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30, 2022	\$1,899,846	\$188,943	\$2,088,789
June 30, 2023	1,564,844	139,562	1,704,406
June 30, 2024	864,677	94,814	959,491
June 30, 2025	854,677	70,133	924,810
June 30, 2026	839,677	45,723	885,400
June 30, 2027-2028	<u>824,677</u>	<u>21,923</u>	<u>846,600</u>
<u>TOTAL</u>	<u>\$6,848,398</u>	<u>\$561,098</u>	<u>\$7,409,496</u>

Interest expense (all funds) for the year ended June 30, 2021 was \$238,156.

YALE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

7) INTERFUND ACTIVITY

Interfund balances at June 30, 2021 consisted of the following:

		DUE FROM			Total
		General Fund	Food Service	Capital Projects	
DUE TO	General Fund	\$0	\$5,886	\$325,000	\$330,886
	Food Service Fund	276,973	0	0	276,973
	<u>TOTAL</u>	<u>\$276,973</u>	<u>\$5,886</u>	<u>\$325,000</u>	<u>\$607,859</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, 2021, consisted of the following:

		TRANSFERS FROM		
		General Fund	Food Service	Total
TRANSFERS TO	General Fund	\$0	\$35,000	\$35,000
	Food Service	8	0	8
	Capital Projects	325,000	0	325,000
	<u>TOTAL</u>	<u>\$325,008</u>	<u>\$35,000</u>	<u>\$360,008</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them (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.

YALE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

10) RESTRICTED NET POSITION

Restricted net position consists of the following:

Debt Retirement	\$366,208
Less: Accrued Interest - General Obligation Bonds	(31,781)
Food Service - Net of Pension & OPEB Obligation	156,324
Capital Projects	<u>1,624,789</u>
 <u>TOTAL</u>	 <u>\$2,115,540</u>

11) PENSION AND OTHER POSTEMPLOYMENT BENEFITS

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

Plan Description

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

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

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

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

Benefits Provided - 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.

YALE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

11) PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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.

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, 2019 valuation will be amortized over a 20-year period beginning Oct. 1, 2019 and ending Sept. 30, 2038.

The schedule below summarizes **pension** contribution rates in effect for fiscal year ended September 30, 2020.

<u>Benefit Structure</u>	<u>Member</u>	<u>Employer</u>
Basic	0.0 – 4.0%	19.41%
Member Investment Plan	3.0 – 7.0%	19.41%
Pension Plus	3.0 – 6.4%	16.46%
Pension Plus 2	6.2%	19.59%
Defined Contribution	0.0%	13.39%

YALE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

11) PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

The schedule below summarizes **OPEB** contribution rates in effect for fiscal year ended September 30, 2020.

<u>Benefit Structure</u>	<u>Member</u>	<u>Employer</u>
Premium Subsidy	3.0%	8.09%
Personal Healthcare Fund (PHF)	0.00%	7.57%

The District's pension contributions for the year ended June 30, 2021 were equal to the required contribution total. Pension contributions were approximately \$3,246,000, with \$3,201,000 specifically for the Pension Defined Benefit Plan.

The District's OPEB contributions for the year ended June 30, 2021 were equal to the required contribution total. OPEB benefits were approximately \$894,000, with \$862,000 specifically for the OPEB Defined Benefit Plan.

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

At June 30, 2021, *the District* reported a liability of \$36,994,699 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2019. 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, 2020, the District's proportion was 0.107696 percent, which was a decrease of 0.0018 percent from its proportion measured as of September 30, 2019.

<u>MPSERS (Plan) Non-University Employers</u>	<u>September 30, 2020</u>	<u>September 30, 2019</u>
Total Pension Liability	\$85,290,583,799	\$83,442,507,212
Plan Fiduciary Net Position	<u>50,939,496,006</u>	<u>50,325,869,388</u>
Net Pension Liability	\$34,351,087,793	\$33,116,637,824
Proportionate Share	0.107696%	.10950%
Net Pension Liability for the District	\$36,994,699	\$36,261,619

For the year ending June 30, 2021, the District recognized pension expense of \$4,714,149. At June 30, 2021, 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	\$565,249	(\$78,960)
Changes of Assumptions	4,099,369	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	155,435	0
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	0	(1,228,250)
Employer Contributions Subsequent to the Measurement Date	<u>2,959,426</u>	<u>0</u>
<u>TOTAL</u>	<u>\$7,779,479</u>	<u>(\$1,307,210)</u>

YALE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

11) PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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>
2021	\$1,598,305
2022	1,130,426
2023	589,663
2024	194,449

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

At June 30, 2021, the District reported a liability of \$5,740,332 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2019. 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, 2020 the District's proportion was 0.10715 percent, which was a decrease of 0.0006 percent from its proportion measured as of October 1, 2019.

<u>MPSERS (Plan) Non-University Employers</u>	<u>September 30, 2020</u>	<u>September 30, 2019</u>
Total Other Postemployment Benefits Liability	\$13,206,903,534	\$13,925,860,688
Plan Fiduciary Net Position	<u>7,849,636,555</u>	<u>6,748,112,668</u>
Net Other Postemployment Benefits Liability	\$5,357,266,979	\$7,177,748,020
Proportionate Share	0.10715%	0.10780%
Net Other Postemployment Benefits Liability for the District	\$5,740,332	\$7,737,743

For the year ending June 30, 2021, the District recognized OPEB expense of \$(290,218). At June 30, 2021, 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	(\$4,277,084)
Changes of Assumptions	1,892,701	0
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	47,910	0
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	10,767	(439,618)
Employer Contributions Subsequent to the Measurement Date	<u>756,936</u>	<u>0</u>
<u>TOTAL</u>	<u>\$2,708,314</u>	<u>(\$4,716,702)</u>

YALE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

11) PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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>
2021	(\$765,988)
2022	(699,605)
2023	(570,962)
2024	(421,659)
2025	(307,110)

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date:	September 30, 2019
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	
- MIP and Basic Plans:	6.80%
- Pension Plus Plan:	6.80%
- Pension Plus 2 Plan:	6.00%
- OPEB	6.95%
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
Healthcare Cost Trend Rate:	7.0% Year 1 graded to 3.5% Year 15; 3.00% Year 120
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.

YALE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

11) PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Summary of Actuarial Assumptions (Continued)

- Disabled Retirees RP-2014 Male and Female Disabled Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Other Assumptions OPEB

- 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:

- * *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, 2017 valuation. The total pension liability as of September 30, 2020, is based on the results of an actuarial valuation date of September 30, 2019, and rolled forward using generally accepted actuarial procedures, including the experience study.*
- * *Recognition period for pension liabilities is the average of the expected remaining service lives of all employees in years: [4.4892 for non-university employers]*
- * *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, 2017 valuation. The total OPEB liability as of September 30, 2020, is based on the results of an actuarial valuation date of September 30, 2019, 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: [5.9870 for non-university employers].*
- * *Recognition period for assets in years: 5.0000*
- * *Full actuarial assumptions are available in the 2020 MPERS Comprehensive Annual Financial Report found on the ORS website at www.michigan.gov/orsschools.*

YALE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

11) PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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, 2020, are summarized in the following table:

Investment Category	Target Allocation*	Long-term Expected Real Rate of Return*
Domestic Equity Pools	25.0%	5.6%
Private Equity Pools	16.0%	9.3%
International Equity	15.0%	7.4%
Fixed Income Pools	10.5%	0.5%
Real Estate and Infrastructure Pools	10.0%	4.9%
Absolute Return Pools	9.0%	3.2%
Real Return/Opportunistic Pools	12.5%	6.6%
Short Term Investment Pools	2.0%	-0.1%
Total	100.0%	

* Long term rates of return are net of administrative expenses and 2.1% inflation.

Rate of Return

For the fiscal year ended September 30, 2020, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 5.37% for pension and 5.24% 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.

YALE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

11) PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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 5.8%/5.8%/5.0%	Current Single Discount Rate Assumption 6.8%/6.8%/6.0%	1% Increase 7.8%/7.8%/7.0%
District's proportionate share of the net pension liability	\$47,883,363	\$36,994,699	\$27,970,425

* 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.

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 5.95%	Discount Rate 6.95%	1% Increase 7.95%
District's proportionate share of the net other postemployment benefit liability	\$7,374,109	\$5,740,332	\$4,364,829

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	\$4,312,163	\$5,740,332	\$7,364,698

YALE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

11) PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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, 2021 or any of the prior 3 years.

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. 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. The requirements of this Statement are effective for the fiscal year ending June 30, 2022.

YALE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

14) UPCOMING ACCOUNTING PRONOUNCEMENTS (Continued)

Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. It requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reporting in a business-type activity or enterprise fund. Interest cost incurred before the end of a construction period should be recognized as an expenditure for financial statements prepared using the current financial resources measurement. The requirements of this Statement are effective for the fiscal year ending June 30, 2022.

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. 93, Replacement of Interbank Offered Rates establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments. This statement is effective for the year ending June 30, 2022.

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.

YALE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

14) UPCOMING ACCOUNTING PRONOUNCEMENTS (Continued)

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.

REQUIRED SUPPLEMENTARY
INFORMATION

YALE PUBLIC SCHOOLS - YALE, MICHIGAN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>			<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>REVENUES</u>				
Local Sources	\$2,864,600	\$3,001,900	\$3,026,765	\$24,865
State Sources	13,808,400	14,927,100	15,033,933	106,833
Federal Sources	849,900	2,012,800	2,026,500	13,700
Total Revenues	<u>\$17,522,900</u>	<u>\$19,941,800</u>	<u>\$20,087,198</u>	<u>\$145,398</u>
<u>EXPENDITURES</u>				
Instruction	11,528,100	11,804,700	11,528,117	276,583
Student Services	1,102,000	1,044,000	1,028,569	15,431
Instructional Support	633,200	775,900	755,869	20,031
General Administration	370,700	459,000	379,707	79,293
School Administration	1,543,700	1,564,400	1,512,026	52,374
Business Administration	426,400	443,100	433,043	10,057
Operation & Maintenance of Plant	1,730,600	1,966,500	1,936,293	30,207
Transportation	1,222,900	1,367,100	1,306,648	60,452
Support Services - Other	859,000	984,100	957,403	26,697
Community Services	1,500	0	0	0
Total Expenditures	<u>\$19,418,100</u>	<u>\$20,408,800</u>	<u>\$19,837,675</u>	<u>\$571,125</u>
Excess of Revenues Over Expenditures	(\$1,895,200)	(\$467,000)	\$249,523	\$716,523
<u>OTHER FINANCING SOURCES (USES)</u>				
Net Change in Fund Balance	<u>572,500</u>	<u>400,900</u>	<u>463,234</u>	<u>62,334</u>
	<u>(\$1,322,700)</u>	<u>(\$66,100)</u>	<u>\$712,757</u>	<u>\$778,857</u>
<u>FUND BALANCE - BEGINNING OF YEAR</u>			<u>4,965,071</u>	
<u>FUND BALANCE - END OF YEAR</u>			<u>\$5,677,828</u>	

YALE PUBLIC SCHOOLS - YALE, MICHIGAN
BUDGETARY COMPARISON SCHEDULE
FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Local Sources	\$230,500	\$36,200	\$64,314	\$28,114
State Sources	20,000	25,000	22,726	(2,274)
Federal Sources	518,000	910,800	936,998	26,198
Total Revenues	<u>\$768,500</u>	<u>\$972,000</u>	<u>\$1,024,038</u>	<u>\$52,038</u>
<u>EXPENDITURES</u>				
Food Service	815,850	915,100	805,224	109,876
Excess of Revenues Over Expenditures	(\$47,350)	\$56,900	\$218,814	\$161,914
<u>OTHER FINANCING SOURCES (USES)</u>				
Net Change in Fund Balance	<u>(30,000)</u>	<u>(42,000)</u>	<u>(34,992)</u>	<u>7,008</u>
	<u>(\$77,350)</u>	<u>\$14,900</u>	<u>\$183,822</u>	<u>\$168,922</u>
<u>FUND BALANCE - BEGINNING OF YEAR</u>			<u>262,001</u>	
<u>FUND BALANCE - END OF YEAR</u>			<u>\$445,823</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)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Reporting unit's proportion of net pension liability (%)	0.10769%	0.10950%	0.11303%	0.11536%	0.11939%	0.11973%	0.11764%
Reporting unit's proportionate share of net pension liability	\$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	\$9,446,618	\$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	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	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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contributions	\$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>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>
Reporting unit's covered-employee payroll	\$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	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)

	2020	2019	2018	2017
Reporting unit's proportion of net OPEB liability (%)	0.10715%	0.10780%	0.11166%	0.11523%
Reporting unit's proportionate share of net OPEB liability	\$5,740,332	\$7,737,743	\$8,875,738	\$10,203,794
Reporting unit's covered-employee payroll	\$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	60.77%	82.36%	93.53%	107.74%
Plan fiduciary net position as a percentage of total OPEB liability (Non-university employers)	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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contributions	\$757,044	\$740,176	\$724,776	\$897,082
Contributions in relation to statutorily required contributions	<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>
Reporting unit's covered-employee payroll	\$9,734,567	\$9,365,943	\$9,394,993	\$9,500,752
Contributions as a percentage of covered-employee payroll	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 did not have significant expenditure budget variances.

PENSION

Benefit changes - there were no changes of benefit terms in 2020.

Changes of assumptions – there were no changes of assumptions in 2020

OPEB

Benefit changes - there were no changes of benefit terms in 2020.

Changes of assumptions - the assumption changes for 2020 were:

Healthcare cost trend rate decreased to 7.00% Year 1 graded to 3.50% Year 15 from 7.50% Year 1 graded to 3.50% Year 12.

ADDITIONAL SUPPLEMENTARY
INFORMATION

YALE PUBLIC SCHOOLS - YALE, MICHIGAN
COMBINING BALANCE SHEETS
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	Special Revenue Funds	Debt Retirement Funds	Sinking Capital Projects Fund	Capital Projects Fund	Total Other Governmental Funds
<u>ASSETS</u>					
Cash and Cash Equivalents	\$670,438	\$353,198	\$1,074,916	\$224,873	\$2,323,425
Investments	0	13,010	0	0	13,010
Receivables:					
Due from Other Funds	0	0	0	325,000	325,000
Due from Other Governmental Units	771	0	0	0	771
<u>TOTAL ASSETS</u>	<u>\$671,209</u>	<u>\$366,208</u>	<u>\$1,074,916</u>	<u>\$549,873</u>	<u>\$2,662,206</u>
<u>FUND BALANCE</u>					
Restricted					
Debt Retirement	\$0	\$366,208	\$0	\$0	\$366,208
Capital Projects	0	0	1,074,916	549,873	1,624,789
Committed					
Student Activities	552,204	0	0	0	552,204
Assigned					
Latchkey	119,005	0	0	0	119,005
<u>TOTAL FUND BALANCE</u>	<u>\$671,209</u>	<u>\$366,208</u>	<u>\$1,074,916</u>	<u>\$549,873</u>	<u>\$2,662,206</u>

YALE PUBLIC SCHOOLS - YALE, MICHIGAN
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	Special Revenue Funds	Debt Retirement Funds	Sinking Capital Projects Fund	Capital Projects Funds	Total Other Governmental Funds
<u>REVENUES</u>					
Local Sources	\$518,387	\$2,043,897	\$453,280	\$0	\$3,015,564
State Sources	0	6,478	0	0	6,478
Federal Sources	116,400	0	0	0	116,400
Total Revenues	<u>\$634,787</u>	<u>\$2,050,375</u>	<u>\$453,280</u>	<u>\$0</u>	<u>\$3,138,442</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers In	0	0	0	325,000	325,000
Total Revenues & Other Financing Sources	<u>\$634,787</u>	<u>\$2,050,375</u>	<u>\$453,280</u>	<u>\$325,000</u>	<u>\$3,463,442</u>
<u>EXPENDITURES</u>					
Student Activities	271,581	0	0	0	271,581
Latch Key	185,006	0	0	0	185,006
Debt Service	0	1,967,119	0	0	1,967,119
Capital Outlay	0	0	187,533	36,308	223,841
Total Expenditures	<u>\$456,587</u>	<u>\$1,967,119</u>	<u>\$187,533</u>	<u>\$36,308</u>	<u>\$2,647,547</u>
Net Change in Fund Balance	<u>\$178,200</u>	<u>\$83,256</u>	<u>\$265,747</u>	<u>\$288,692</u>	<u>\$815,895</u>
<u>FUND BALANCE - BEGINNING OF YEAR</u>					
	<u>493,009</u>	<u>282,952</u>	<u>809,169</u>	<u>261,181</u>	<u>1,846,311</u>
<u>FUND BALANCE - END OF YEAR</u>					
	<u>\$671,209</u>	<u>\$366,208</u>	<u>\$1,074,916</u>	<u>\$549,873</u>	<u>\$2,662,206</u>

YALE PUBLIC SCHOOLS - YALE, MICHIGAN
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2021

	<u>Student Activities</u>	<u>Latch Key</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$552,204	\$118,234	\$670,438
Receivables:			
Due from Other Governmental Units	<u>0</u>	<u>771</u>	<u>771</u>
<u>TOTAL ASSETS</u>	<u>\$552,204</u>	<u>\$119,005</u>	<u>\$671,209</u>
<u>FUND BALANCE</u>			
Committed	\$552,204	\$0	\$552,204
Assigned	<u>0</u>	<u>119,005</u>	<u>119,005</u>
<u>TOTAL FUND BALANCE</u>	<u>\$552,204</u>	<u>\$119,005</u>	<u>\$671,209</u>

YALE PUBLIC SCHOOLS - YALE, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2021

	<u>Student Activities</u>	<u>Latch Key</u>	<u>Total</u>
<u>REVENUES</u>			
<u>Local Sources</u>			
Community Services	\$0	\$184,488	\$184,488
Student Activities	333,378	0	333,378
Earnings on Investments and Deposits	0	521	521
Total Local Sources	<u>\$333,378</u>	<u>\$185,009</u>	<u>\$518,387</u>
<u>Federal Sources</u>	0	116,400	116,400
Total Revenues	<u>\$333,378</u>	<u>\$301,409</u>	<u>\$634,787</u>
<u>EXPENDITURES</u>			
Salaries - Professional	0	63,741	63,741
Salaries - Non-Professional	0	56,272	56,272
Fica, Retirement, Etc.	0	61,506	61,506
Other Benefits	0	450	450
Purchased Services	0	773	773
Supplies and Materials	0	1,898	1,898
Other	271,581	366	271,947
Total Expenditures	<u>\$271,581</u>	<u>\$185,006</u>	<u>\$456,587</u>
<u>EXCESS REVENUES OVER (UNDER)</u>			
<u>EXPENDITURES</u>	\$61,797	\$116,403	\$178,200
<u>FUND BALANCE - BEGINNING OF YEAR</u>	<u>490,407</u>	<u>2,602</u>	<u>493,009</u>
<u>FUND BALANCE - END OF YEAR</u>	<u>\$552,204</u>	<u>\$119,005</u>	<u>\$671,209</u>

YALE PUBLIC SCHOOLS - YALE, MICHIGAN
COMBINING BALANCE SHEET
DEBT RETIREMENT FUNDS
JUNE 30, 2021

	Technology Debt	2012 Debt	2015 Debt	TOTALS
<u>ASSETS</u>				
Cash and Cash Equivalents	\$23,960	\$93,960	\$235,278	\$353,198
Investments	0	7,648	5,362	13,010
<u>TOTAL ASSETS</u>	<u>\$23,960</u>	<u>\$101,608</u>	<u>\$240,640</u>	<u>\$366,208</u>
<u>FUND EQUITY</u>				
Restricted - Debt Retirement	<u>\$23,960</u>	<u>\$101,608</u>	<u>\$240,640</u>	<u>\$366,208</u>

YALE PUBLIC SCHOOLS - YALE, MICHIGAN
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
DEBT RETIREMENT FUNDS
YEAR ENDED JUNE 30, 2021

	<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	\$371,941	\$775,532	\$893,884	\$2,041,357
Earnings on Investments and Deposits	391	949	1,200	2,540
Total Local Sources	<u>\$372,332</u>	<u>\$776,481</u>	<u>\$895,084</u>	<u>\$2,043,897</u>
<u>State Sources</u>				
Total Revenues	<u>0</u>	<u>6,478</u>	<u>0</u>	<u>6,478</u>
	<u>\$372,332</u>	<u>\$782,959</u>	<u>\$895,084</u>	<u>\$2,050,375</u>
<u>EXPENDITURES</u>				
Redemption of Bonds	375,000	670,000	705,000	1,750,000
Interest on Bonded Debt	14,612	59,250	142,020	215,882
Other Debt Retirement Expense	200	908	129	1,237
Total Expenditures	<u>\$389,812</u>	<u>\$730,158</u>	<u>\$847,149</u>	<u>\$1,967,119</u>
<u>EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES</u>				
	(\$17,480)	\$52,801	\$47,935	\$83,256
<u>FUND BALANCE - BEGINNING OF YEAR</u>				
	<u>41,440</u>	<u>48,807</u>	<u>192,705</u>	<u>282,952</u>
<u>FUND BALANCE - END OF YEAR</u>				
	<u>\$23,960</u>	<u>\$101,608</u>	<u>\$240,640</u>	<u>\$366,208</u>

YALE PUBLIC SCHOOLS - YALE, MICHIGAN
PRIVATE PURPOSE TRUSTS
STATEMENT OF REVENUE AND EXPENDITURES
YEAR ENDED JUNE 30, 2021

	<u>THELMA STEWART SCHOLARSHIP FUND</u>	
<u>BALANCE - JULY 1, 2020</u>		\$320,710
<u>REVENUE</u>		
Interest		3,968
<u>EXPENDITURES</u>		
Scholarship Awards		6,000
<u>BALANCE - JUNE 30, 2021</u>		\$318,678
	<u>BETTE GUILLIANI SCHOLARSHIP FUND</u>	
<u>BALANCE - JULY 1, 2020</u>		\$32,005
<u>REVENUE</u>		
Interest		402
<u>EXPENDITURES</u>		
Scholarships		0
<u>BALANCE - JUNE 30, 2021</u>		\$32,407
	<u>EVA GRAHAM SCHOLARSHIP FUND</u>	
<u>BALANCE - JULY 1, 2020</u>		\$122,473
<u>REVENUE</u>		
Interest		1,532
<u>EXPENDITURES</u>		
Scholarships		500
<u>BALANCE - JUNE 30, 2021</u>		\$123,505
	<u>ALL SCHOLARSHIP FUNDS</u>	
<u>BALANCE - JUNE 30, 2021</u>		\$474,590

YALE PUBLIC SCHOOLS - YALE, MICHIGAN
GENERAL OBLIGATION SERIAL BONDS
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
JUNE 30, 2021

2012 DEBT REFUNDING BONDS					
<u>Payment Date</u>	<u>Principal Requirement</u>	<u>Rate</u>	<u>May Interest Requirement</u>	<u>Nov Interest Requirement</u>	<u>Total Requirement</u>
2021-2022	\$645,000	3.00%	\$19,575	\$19,575	\$684,150
2022-2023	660,000	3.00%	9,900	9,900	679,800
<u>TOTALS</u>	<u>\$1,305,000</u>		<u>\$29,475</u>	<u>\$29,475</u>	<u>\$1,363,950</u>

2013 SCHOOL TECHNOLOGY AND BUS BONDS					
<u>Payment Date</u>	<u>Principal Requirement</u>	<u>Rate</u>	<u>May Interest Requirement</u>	<u>Nov Interest Requirement</u>	<u>Total Requirement</u>
2021-2022	<u>\$460,000</u>	1.75%	<u>\$4,025</u>	<u>\$4,025</u>	<u>\$468,050</u>

2012 SCHOOL IMPROVEMENT BONDS					
<u>Payment Date</u>	<u>Principal Requirement</u>	<u>Rate</u>	<u>May Interest Requirement</u>	<u>Nov Interest Requirement</u>	<u>Total Requirement</u>
2021-2022	\$85,000	4.10%	\$8,507	\$10,250	\$103,757
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>\$500,000</u>		<u>\$25,113</u>	<u>\$35,363</u>	<u>\$560,476</u>

2015 DEBT REFUNDING BONDS					
<u>Payment Date</u>	<u>Principal Requirement</u>	<u>Rate</u>	<u>May Interest Requirement</u>	<u>Nov Interest Requirement</u>	<u>Total Requirement</u>
2021-2022	\$685,000	2.70%	\$61,493	\$61,493	\$807,986
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>\$4,555,000</u>		<u>\$216,812</u>	<u>\$216,812</u>	<u>\$4,988,624</u>

YALE PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

Federal Grantor/ Pass - Through Grantor/ Program Title	Federal AL Number	Pass- Through Project Number	Approved Grant Award Amount	Accrued (Unearned) Revenue July 1, 2020	Prior Year Expenditures	Current Year Expenditures	Adjustments Prior Years	Current Year Cash/ Payment In Kind Received	Accrued (Unearned) Revenue June 30, 2021
<u>U.S. DEPARTMENT OF EDUCATION</u>									
Passed Through Michigan Department of Education:									
Title I Grants to Local Educational Agencies:	84.010								
ESEA Title I - Regular (19-20)		201530-1920	\$232,464	\$24,073	\$210,281	\$0	\$0	\$24,073	\$0
ESEA Title I - Regular (20-21)		211530-2021	260,701	0	0	223,417	0	156,712	66,705
Total Title I Grants to Local Educational Agencies:			\$493,165	\$24,073	\$210,281	\$223,417	\$0	\$180,785	\$66,705
Improving Teacher Quality	84.367								
Title IIA (19-20)		200520-1920	58,002	356	55,757	0	0	(50,121)	50,477
Title IIA (20-21)		210520-2021	57,067	0	0	42,445	0	39,786	2,659
Total Improving Teacher Quality			\$115,069	\$356	\$55,757	\$42,445	\$0	\$(10,335)	\$53,136
Student Support & Academic Enrichment	84.424								
Title IV (19-20)		200750-1920	19,975	3,189	14,983	0	0	3,189	0
Title IV (20-21)		210750-2021	18,089	0	0	12,330	0	10,796	1,534
Total Student Support & Academic Enrichment			\$38,064	\$3,189	\$14,983	\$12,330	\$0	\$13,985	\$1,534
Education Stabilization Fund	84.425D								
ESSER Education Equity		203720-1920	34,245	0	0	34,245	0	34,245	0
ESSER II Formula Funds		213712-2021	359,735	0	0	359,735	0	0	359,735
Total Education Stabilization Fund			\$393,980	\$0	\$0	\$393,980	\$0	\$34,245	\$359,735
Total Passed Through Michigan Department of Education			\$1,040,278	\$27,618	\$281,021	\$672,172	\$0	\$218,680	\$481,110
Passed Through St. Clair County RESA:									
Special Education - Grants to States:	84.027								
IDEA Flowthrough (19-20)		200450-1920	483,925	88,708	483,925	0	0	88,708	0
IDEA Flowthrough (20-21)		210450-2021	516,565	0	0	516,565	0	319,286	197,279
Total Special Education - Grants to States			\$1,000,490	\$88,708	\$483,925	\$516,565	\$0	\$407,994	\$197,279
Special Education - Preschool Grants	84.173								
IDEA PPI (20-21)		210460-2021	19,338	0	0	19,338	0	13,649	5,689
Total Special Education Cluster			\$1,019,828	\$88,708	\$483,925	\$535,903	\$0	\$421,643	\$202,968
English Language Acquisition Grant	84.365								
Title III (20-21)		210580-2021	2,088	0	0	2,068	0	0	2,068
Total Passed Through St. Clair County RESA			\$1,021,916	\$88,708	\$483,925	\$537,971	\$0	\$421,643	\$205,036
<u>TOTAL U.S. DEPARTMENT OF EDUCATION</u>			\$2,062,194	\$116,326	\$764,946	\$1,210,143	\$0	\$640,323	\$686,146

YALE PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

Federal Grantor/ Pass - Through Grantor/ Program Title	Federal AL Number	Pass- Through Project Number	Approved Grant Award Amount	Accrued (Unearned) Revenue July 1, 2020	Prior Year Expenditures	Current Year Expenditures	Adjustments Prior Years	Current Year Cash/ Payment In Kind Received	Accrued (Unearned) Revenue June 30, 2021
<u>U.S. DEPARTMENT OF AGRICULTURE</u>									
Passed Through Michigan Department of Education:									
Non-Cash Assistance									
Entitlement Commodities	10.555	N/A	\$64,208	\$0	\$0	\$64,208	\$0	\$64,208	\$0
Bonus Commodities			1,601	0	0	1,601	0	1,601	0
Total Non-Cash Assistance			\$65,809	\$0	\$0	\$65,809	\$0	\$65,809	\$0
Cash Assistance									
SFSP Operating	10.559	200900	76,548	0	0	76,548	0	76,548	0
SFSP Operating	10.559	210904	794,641	0	0	794,641	0	794,641	0
Total Cash Assistance			\$871,189	\$0	\$0	\$871,189	\$0	\$871,189	\$0
<u>TOTAL U.S. DEPARTMENT OF AGRICULTURE (NUTRITION CLUSTER)</u>			\$936,998	\$0	\$0	\$936,998	\$0	\$936,998	\$0
<u>U.S. DEPARTMENT OF TREASURY</u>									
Passed Through Michigan Department of Education									
Coronavirus Relief Funds									
Covid 19 Coronavirus Relief Funds	21.019	2021	660,674	0	0	660,674	0	660,674	0
District Covid 19 Costs		2021	23,256	0	0	23,256	0	23,256	0
Total Passed Through Michigan Department of Education			\$683,930	\$0	\$0	\$683,930	\$0	\$683,930	\$0
Passed through MAISA/Copper County ISD									
COVID-19 Coronavirus Relief Funds -									
MiConnect Connectivity Funding	21.019	2021	29,630	0	0	29,630	0	29,630	0
<u>TOTAL U.S. DEPARTMENT OF TREASURY</u>			\$713,560	\$0	\$0	\$713,560	\$0	\$713,560	\$0
<u>U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES</u>									
Passed Through St. Clair County RESA:									
Medicaid (19-20)	93.778	Unknown	11,853	4,379	11,853	0	0	4,379	0
Medicaid (20-21)		Unknown	6,933	0	0	6,933	0	5,255	1,678
			\$18,786	\$4,379	\$11,853	\$6,933	\$0	\$9,634	\$1,678
<u>TOTAL U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES</u>									
<u>TOTAL FEDERAL AWARDS</u>			\$3,731,538	\$120,705	\$776,799	\$2,867,634	\$0	\$2,300,515	\$687,824

YALE PUBLIC SCHOOLS - YALE, MICHIGAN
NOTES/RECONCILIATION TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

<u>FEDERAL REVENUE RECOGNIZED FOR THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</u>	<u>\$2,867,634</u>
<u>FEDERAL REVENUE RECOGNIZED PER THE GENERAL PURPOSE FINANCIAL STATEMENTS</u>	
General Fund	\$2,026,500
School Service Fund	936,998
Latchkey Fund	116,400
Total	<u>\$3,079,898</u>
Less: Child Care Funds in Latchkey Fund - Not Subject to Single Audit	(116,400)
Less: Bus Grant in General Fund - Not Subject to Single Audit	(74,842)
Less: QZAB Energy Bonds Interest Subsidy - in General Fund - Not Subject to Single Audit	<u>(21,022)</u>
<u>TOTAL</u>	<u>\$2,867,634</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, 2021.

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 and Cash Management System (CMS) 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 51 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 minimus 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, 2021 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.

YALE PUBLIC SCHOOLS - YALE, MICHIGAN
RECONCILIATION OF FORM "GRANT AUDITOR'S REPORT"
TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

<hr/>	
Current Payments Per the Grant Auditor's Report	
NexSys/Cash Management System	\$1,484,077
Less: Reported in the Cash Management System in the Current Year but recorded as receivables by the District	
Title I (CFDA 84.010)	(\$58,276)
Title II (CFDA 84.367)	(2,659)
ESSER II Formula Funds (CFDA 84.425D)	(359,735)
Total	(420,670)
Add: Report on the Cash Management System in the Prior Year received by the District in the Current Year	
Title I (CFDA 84.010)	\$23,273
Title II (CFDA 84.367)	3,189
Total	26,462
<u>Add:</u> Grants Passed Through St. Clair County RESA	
Special Education Grants (CFDA 84.027)	\$407,994
Special Education - Preschool Grants (CFDA 84.173)	13,649
Medicaid (CFDA 93.778)	9,634
Total Grants Passed Through St. Clair County RESA	431,277
Passed Through Michigan Department of Education	
Covid 19 Coronavirus Relief Funds (CFDA 21.019)	\$660,674
District Covid 19 Costs	23,256
Total	683,930
Passed through MAISA/Copper County ISD	
MiConnect Connectivity Funding (CFDA 21.019)	29,630
Entitlement and Bonus Commodities	65,809
<u>TOTAL CURRENT YEAR RECEIPTS PER SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</u>	\$2,300,515



October 6, 2021

**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, 2021, 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 6, 2021.

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 may exist that have not been identified.

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 6, 2021

**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

We have audited Yale Public Schools' compliance with the types of compliance requirements described 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, 2021. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Yale Public Schools' major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Yale Public Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Yale Public Schools' compliance.

Opinion on Each Major Federal Program

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, 2021.

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 item 2021-001. Our opinion on each major federal program is not modified with respect to these matters.

Yale Public Schools' response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Yale Public Schools' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response and corrective action plan.

Report on Internal Control over Compliance

Management of the Yale Public Schools, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Yale Public Schools' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Yale Public Schools' 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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, 2021

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:

CFDA Number(s)	Name of Federal Program or Cluster
21.019	Covid 19 Coronavirus Relief Funds, District Covid 19 Costs, MiConnect Connectivity Funding

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, 2021

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
STATUS OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

Finding 2020-001 (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.

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, 2020.

Questioned Costs – None

Context – The District did not meet the three months average expenditure test at June 30, 2020.

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

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Trustee – Mr. Anthony Lashbrook

Trustee – Mr. Michael Johnson

October 5, 2021

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, 2021 in the food service fund. Listed below are the reasons for the additional funds.

By December 2020, 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 2020-2021 fiscal year in the same condition. Unfortunately, additional participation in the food service program and a greater than normal reimbursement rate provided a significant increase in available funds without corresponding costs. A bid was prepared for replacement of cafeteria tables for some or all of our buildings. As we recognize delivery and supply issues back up the ordering process, decisions will be made soon to get the purchase orders placed.

In closing I want to confirm the district agrees to comply with the required oversight as prescribed by MDE. Louanne Warner, 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". The signature is written in a cursive style.

Kurt Sutton

rjs



October 6, 2021

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, 2021. 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 23, 2021. 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. The application of existing policies was not changed during the 2020-2021 year. 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 6, 2021.

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
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October 6, 2021

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 & Knopf, P.C.

LEWIS & KNOFF, P.C.
CERTIFIED PUBLIC ACCOUNTANTS