

Ida Public Schools



Year Ended
June 30, 2025

Financial
Statements

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IDA PUBLIC SCHOOLS

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INDEPENDENT AUDITORS' REPORT

October 1, 2025

Board of Education
Ida Public Schools
Ida, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Ida Public Schools** (the "District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2025, and the respective changes in financial position thereof and the respective budgetary comparison for the general fund and the major special revenue fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Implementation of GASB Statement No. 101

As described in Note 15, the District implemented the provisions of GASB Statement No. 101, Compensated Absences, in the current year. Accordingly, beginning net position of the governmental activities was restated. Our opinion is not modified with respect to this matter.

Basis for Opinions

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



Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

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

Independent Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and the schedules for the pension and other postemployment benefit plans, as listed 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of 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 fund financial statements 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 1, 2025, on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

IDA PUBLIC SCHOOLS

Management's Discussion and Analysis

As management of Ida Public Schools (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ending June 30, 2025.

Financial Highlights

• Total net position	\$ (2,891,146)
• Change in total net position	6,182,431
• Fund balances, governmental funds	13,373,654
• Change in fund balances, governmental funds	(3,519,851)
• Unassigned fund balance, general fund	5,312,703
• Change in fund balance, general fund	(479,325)
• Installment debt, ending balance	6,840,887
• Change in installment debt	(432,193)

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, supporting services, food service, community services, technology, and athletics. The District has no business-type activities during the current year.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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Management's Discussion and Analysis

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, technology special revenue fund, general capital projects fund, and 2024 bond capital projects fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The District adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements have been provided for the general fund and technology special revenue fund herein to demonstrate compliance with those budgets.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This is limited to this management's discussion and analysis and the schedules for the Michigan Public Schools Employees' Retirement System (MPERS) pension and other postemployment benefit plans immediately following the notes to the financial statements. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

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Management's Discussion and Analysis

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The District reported a deficit net position of \$2.9 million at the close of the most recent fiscal year.

Of the District's net position, \$6.4 million reflects its investment in capital assets (e.g., land, land improvements, buildings and improvements, machinery and equipment, transportation equipment, software, and lease equipment) net of related debt. The District uses these capital assets to provide services to the students it serves; consequently, these assets are not available for future spending.

	Net Position	
	Governmental Activities	
	2025	2024
Assets		
Current and other assets	\$ 20,054,908	\$ 19,539,738
Capital assets, net	12,454,373	6,601,341
Total assets	<u>32,509,281</u>	<u>26,141,079</u>
Deferred outflows of resources	<u>7,315,018</u>	<u>9,774,283</u>
Liabilities		
Other liabilities	3,130,091	2,282,859
Long-term liabilities	28,928,568	34,737,466
Total liabilities	<u>32,058,659</u>	<u>37,020,325</u>
Deferred inflows of resources	<u>10,656,786</u>	<u>6,944,928</u>
Net position		
Net investment in capital assets	6,384,337	5,177,251
Restricted	5,634,172	2,656,088
Unrestricted (deficit)	(14,909,655)	(15,883,230)
Total net position	<u>\$ (2,891,146)</u>	<u>\$ (8,049,891)</u>

An additional portion of the District's net position, \$5.6 million represents resources that are subject to external restrictions on how they may be used. The remaining balance represents unrestricted net position, which has a negative balance of \$14.9 million.

The total net position (deficit) of \$2.9 million of governmental activities represents accumulated results of all past years' operations. The operating results of the general fund and the requirement to show the District's proportionate share of the MPSERS net pension and other postemployment benefit liabilities (assets) will have a significant impact on the change in unrestricted net position from year to year.

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Management's Discussion and Analysis

The results of this year's operations for the District as a whole are reported in the statement of activities. Below is a summary of the District's changes in net position for the years ended June 30, 2025 and 2024, respectively.

	Change in Net Position	
	Governmental Activities	
	2025	2024
Revenues		
Program revenues:		
Charges for services	\$ 266,413	\$ 255,804
Operating grants and contributions	2,591,153	3,062,930
General revenues:		
Property taxes	2,119,754	1,934,705
Unrestricted state aid	16,952,003	17,073,465
Unrestricted investment earnings	425,431	337,116
Other	283,770	324,796
Total revenues	<u>22,638,524</u>	<u>22,988,816</u>
Expenses		
Instruction	10,450,229	10,551,977
Supporting services	3,336,905	4,582,432
Food service	1,122,638	1,041,035
Community services	18,108	191,903
Technology	471,114	189,106
Athletics	384,422	353,889
Interest on long-term liabilities	285,107	237,371
Unallocated depreciation/amortization	387,570	372,973
Total expenses	<u>16,456,093</u>	<u>17,520,686</u>
Change in net position	6,182,431	5,468,130
Net position		
Beginning of year	(8,049,891)	(13,518,021)
Restatement for implementation of GASB 101	<u>(1,023,686)</u>	<u>-</u>
End of year	<u>\$ (2,891,146)</u>	<u>\$ (8,049,891)</u>

Governmental Activities. Governmental activities increased the District's net position by \$6.2 million. Key elements of this change are as follows:

- Changes in the District's Proportionate Share of the Net Pension Liability and OPEB asset.
- Increases in the state aid categoricals.
- District's management of resources on capital outlay, sinking fund, staffing, and student needs.
- The use of District Federal and State Grants.

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Management's Discussion and Analysis

Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of approximately \$13.4 million, a decrease of \$3.5 million in comparison with the prior year. Of this total amount 40% (approximately \$5.3 million) constitutes unassigned fund balance, which is available for spending at the District's discretion. The remainder of fund balance is nonspendable, restricted, committed, or assigned to indicate that it is not available for new spending because the underlying assets are included in inventory, prepaids or endowments and are not available for current expenditure, or the fund balances are constrained by externally imposed restrictions, or it is constrained by the intent of the Board of Education or management.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$5.3 million. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 31% of total general fund expenditures.

The fund balance of the District's general fund decreased by approximately \$479,000 during the current fiscal year. This is primarily attributable to securing funds for future capital projects that will need to be addressed in the coming years.

The fund balance of the District's technology fund increased by approximately \$45,000 during the current fiscal year. This is primarily attributable to an increase in revenue sources from the enhancement millage compared to the current technology expenditures of the District. Many technology initiatives are based on the current needs of the District and are evaluated prior to knowing the anticipated millage revenue.

The fund balance of the District's general capital projects fund increased by \$2.2 million during the current fiscal year. This is primarily attributable to focusing on capital improvements utilizing the districts available Sinking and Bond funds.

The fund balance of the District's 2024 bond capital projects fund decreased by \$5.2 million during the current fiscal year. This is primarily attributable to the District's ongoing geothermal project nearing completion.

IDA PUBLIC SCHOOLS

Management's Discussion and Analysis

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted before the 2024-25 year end. A statement showing the District's original and final budget amounts compared with amounts actually paid and received is provided in a separate financial statement as part of the District's basic financial statements.

Differences between the original and final amended budgets relate to updates in state funding, grant funding allocations, changes in salaries and benefits costs, and student count for the District. Once this additional information was known, subsequent budget amendments recognized the shifting of revenue sources/additional revenue along with adjusting expenditures in District program budgets that were impacted by the changes.

Budget to actual comparisons for the general fund were generally favorable. Net change in fund balance was \$0.5 million more than what was shown in the final amended budget. This was primarily due to the District budgeting conservatively for expenditures and being unable to fill certain budgeted positions. As a result, the District's shortfall against the revenue budget was more than offset by the District's positive performance against the expenditure budget.

Budgeted revenues were increased by \$0.7 million from the original to the final amended budget. Budgeted expenditures were decreased by \$0.3 million from the original to the final amended budget. For the 2024-25 year, significant budget adjustments to the general fund included:

- Districts adjustment to FTEs.
- The State passed through retirement expenses in 147c categorical monies.
- Grant program carryover adjustment for both revenues and expenditures.
- Changes and adjustments in the District staffing.
- Changes in the District coverage for employee insurance census information.

Capital Asset and Debt Administration

Capital Assets. The District's investment in capital assets for its governmental activities as of June 30, 2025, amounted to \$12.5 million (net of accumulated depreciation/amortization). This investment in capital assets includes land, land improvements, buildings and improvements, machinery and equipment, transportation equipment, software, leased equipment, and subscription assets. The net increase in the District's investment in capital assets for the current fiscal year was approximately 22.2%.

The major capital asset events during the current fiscal year included the following:

- New entrance \$480,439.
- High School Kitchen Remodel \$80,707.
- Food Service equipment (serving counter, cashier stands etc.) for \$72,059.
- Geothermal Project \$5,326,564.
- School Safety Upgrades \$29,612.
- CTE Equipment Agriculture \$24,669.

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Management's Discussion and Analysis

	Capital Assets (Net of Depreciation/ Amortization)	
	2025	2024
Land	\$ 771,045	\$ 771,045
Work in Progress	7,559,411	-
Land improvements	462,439	486,904
Buildings and improvements	2,217,380	3,947,153
Machinery and equipment	1,193,360	1,140,711
Transportation equipment	147,029	243,006
Software	1,323	2,458
Leased equipment	102,386	7,155
Subscription assets	-	2,909
Total capital assets, net	\$ 12,454,373	\$ 6,601,341

Additional information on the District's capital assets can be found in the notes to the financial statements.

Long-term Debt. At the end of the current fiscal year, the District had total installment debt of \$6,840,887, of which most was attributable to the Energy Conservation bonds. This amount represents general obligations of the District that constitute an indebtedness of the District within any constitutional or statutory limitations, as well as the District's long-term liabilities for leases.

Additional information on the District's long-term debt can be found in the notes to the financial statements.

Economic Factors and Next Year's Budget and Rates

Our elected officials and administration considered many factors when setting the District's 2026 fiscal year budget (2025-2026). Two of the most important factors affecting the budget are student count and the level of State funding. Taxes received from the locals are also budgeted and changed during the year as valuations and board of review judgments are received.

Unrestricted state aid revenue is determined by multiplying the blended student count by the foundation allowance per pupil and reducing it by local revenues received. With no Legislative budget currently in place there are still many uncertainties with regard to next year's budget and rates.

The 2026 fiscal year budget was adopted in June 2025, based on an estimate of students that will be funded for the 2025-26 year (a blended figure is used based on the percentages from the Legislature). Once the final student count and related per pupil (State) funding is validated, the District will amend the budget to reflect updated revenues and expenditures. Current state legislative budgetary changes will adjust revenues and expenditures for new categorical State allocations.

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Management's Discussion and Analysis

The following factors were also considered in preparing the District's budget for the 2025-26 fiscal year:

- Staffing had some changes with three retirements.
- Student FTE count of 1,410 blended membership.
- Foundation Allowance of \$10,000, and no other one-time categorical funding.
- Retirement costs adjustments with additional 147c funding undetermined.
- Projected increases in benefit caps and census changes for insurance expenses.
- The District's open bargaining agreements.
- Updates for anticipated grant allocations and funding amounts for programs.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Office, Ida Public Schools, 3145 Prairie Street, Ida, Michigan 48140.

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BASIC FINANCIAL STATEMENTS

IDA PUBLIC SCHOOLS

Statement of Net Position

June 30, 2025

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 13,146,803
Receivables	3,269,292
Other assets	31,525
Net other postemployment benefit asset	3,607,288
Capital assets not being depreciated	8,330,456
Capital assets being depreciated/amortized, net	4,123,917
Total assets	32,509,281
Deferred outflows of resources	
Deferred pension amounts	5,672,660
Deferred other postemployment benefit amounts	1,642,358
Total deferred outflows of resources	7,315,018
Liabilities	
Accounts payable and accrued liabilities	2,716,871
Unearned revenue	413,220
Bonds and other long-term liabilities:	
Due within one year	2,013,924
Due in more than one year	6,371,576
Net pension liability (due in more than one year)	20,543,068
Total liabilities	32,058,659
Deferred inflows of resources	
Deferred pension amounts	5,974,927
Deferred other postemployment benefit amounts	4,681,859
Total deferred inflows of resources	10,656,786
Net position	
Net investment in capital assets	6,384,337
Restricted for:	
Net other postemployment benefit asset	3,607,288
Food service	1,014,953
Technology	909,486
Capital projects	102,445
Unrestricted (deficit)	(14,909,655)
Total net position	\$ (2,891,146)

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

IDA PUBLIC SCHOOLS

Statement of Activities

For the Year Ended June 30, 2025

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Governmental activities				
Instruction	\$ 10,450,229	\$ -	\$ 1,495,526	\$ (8,954,703)
Supporting services	3,336,905	-	-	(3,336,905)
Food service	1,122,638	128,260	536,730	(457,648)
Community services	18,108	11,822	-	(6,286)
Technology	471,114	-	558,897	87,783
Athletics	384,422	126,331	-	(258,091)
Interest on long-term liabilities	285,107	-	-	(285,107)
Unallocated depreciation/amortization	387,570	-	-	(387,570)
Total governmental activities	<u>\$ 16,456,093</u>	<u>\$ 266,413</u>	<u>\$ 2,591,153</u>	<u>(13,598,527)</u>
General revenues				
Property taxes				2,119,754
Unrestricted state aid				16,952,003
Unrestricted investment earnings				425,431
Gain on sale of capital assets				5,865
Other				<u>277,905</u>
Total general revenues				<u>19,780,958</u>
Change in net position				<u>6,182,431</u>
Net position, beginning of year, as previously reported				(8,049,891)
Restatement for implementation of GASB 101				<u>(1,023,686)</u>
Net position, beginning of year, as restated				<u>(9,073,577)</u>
Net position, end of year				<u>\$ (2,891,146)</u>

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

IDA PUBLIC SCHOOLS

Balance Sheet

Governmental Funds

June 30, 2025

	General	Technology	General Capital Projects	2024 Bond Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 4,927,733	\$ 857,068	\$ 3,495,617	\$ 2,285,912	\$ 1,580,473	\$ 13,146,803
Accounts receivable	7,846	3,065	-	-	11,264	22,175
Due from other funds	-	49,858	-	-	3,527	53,385
Due from other governments	3,132,825	3,715	-	-	110,577	3,247,117
Inventory	17,035	-	-	-	-	17,035
Prepaid items	11,939	2,551	-	-	-	14,490
Total assets	<u>\$ 8,097,378</u>	<u>\$ 916,257</u>	<u>\$ 3,495,617</u>	<u>\$ 2,285,912</u>	<u>\$ 1,705,841</u>	<u>\$ 16,501,005</u>
Liabilities						
Accounts payable	\$ 135,798	\$ -	\$ -	\$ 1,000,000	\$ 63,256	\$ 1,199,054
Due to other funds	21,233	-	19,184	-	12,968	53,385
Accrued salaries payable	762,697	2,553	-	-	4,566	769,816
Other accrued liabilities	683,146	4,218	-	-	4,512	691,876
Unearned revenue	400,878	-	-	-	12,342	413,220
Total liabilities	<u>2,003,752</u>	<u>6,771</u>	<u>19,184</u>	<u>1,000,000</u>	<u>97,644</u>	<u>3,127,351</u>
Fund balances						
Nonspendable:						
Inventory	17,035	-	-	-	-	17,035
Prepaid items	11,939	2,551	-	-	-	14,490
Restricted for:						
Food service	-	-	-	-	1,014,953	1,014,953
Technology	-	906,935	-	-	-	906,935
Capital projects	-	-	-	1,285,912	102,445	1,388,357
Debt service	-	-	-	-	500	500
Committed for:						
Capital projects	-	-	3,476,433	-	103,670	3,580,103
Community recreation	-	-	-	-	15,372	15,372
Student/school activities	-	-	-	-	371,257	371,257
Assigned for -						
Subsequent year appropriations	751,949	-	-	-	-	751,949
Unassigned	5,312,703	-	-	-	-	5,312,703
Total fund balances	<u>6,093,626</u>	<u>909,486</u>	<u>3,476,433</u>	<u>1,285,912</u>	<u>1,608,197</u>	<u>13,373,654</u>
Total liabilities and fund balances	<u>\$ 8,097,378</u>	<u>\$ 916,257</u>	<u>\$ 3,495,617</u>	<u>\$ 2,285,912</u>	<u>\$ 1,705,841</u>	<u>\$ 16,501,005</u>

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

IDA PUBLIC SCHOOLS

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2025

Fund balances - total governmental funds	\$ 13,373,654
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Amounts reported for *governmental activities* in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources, and therefore are not reported in the fund statement.

Capital assets not being depreciated	8,330,456
Capital assets being depreciated/amortized, net	4,123,917

Certain liabilities, such as bonds, compensated absences, and other long-term liabilities are not due and payable in the current period, and therefore are not reported in the funds.

Bonds and other long-term liabilities	(7,870,439)
Unamortized bond premium	(515,061)
Interest payable	(56,125)

Certain pension and other postemployment benefit-related amounts, such as the net pension liability, and net other postemployment benefit asset, and deferred amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds.

Net pension liability	(20,543,068)
Deferred outflows related to the net pension liability	5,672,660
Deferred inflows related to the net pension liability	(5,974,927)
Net other postemployment benefit asset	3,607,288
Deferred outflows related to the net other postemployment benefit asset	1,642,358
Deferred inflows related to the net other postemployment benefit asset	<u>(4,681,859)</u>

Net position of governmental activities	<u>\$ (2,891,146)</u>
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The accompanying notes are an integral part of these financial statements.

IDA PUBLIC SCHOOLS

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2025

	General	Technology	General Capital Projects	2024 Bond Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Local sources	\$ 1,161,500	\$ -	\$ -	\$ -	\$ 1,485,125	\$ 2,646,625
State sources	16,927,027	17,233	-	-	755,048	17,699,308
Federal sources	157,186	-	-	-	360,686	517,872
Interdistrict sources and other	632,695	553,161	-	-	134,384	1,320,240
Interest revenue	163,258	5,736	104,394	156,175	19,051	448,614
Total revenues	19,041,666	576,130	104,394	156,175	2,754,294	22,632,659
Expenditures						
Current:						
Instruction	10,480,839	-	-	-	-	10,480,839
Supporting services	6,301,365	-	-	-	191,326	6,492,691
Food service	-	-	-	-	1,257,040	1,257,040
Community services	6,073	-	-	-	-	6,073
Technology	-	523,487	-	-	-	523,487
Athletics	408,640	-	-	-	-	408,640
Community recreation	-	-	-	-	12,035	12,035
Debt service:						
Principal	13,078	2,878	-	-	530,000	545,956
Interest and fiscal charges	5,264	101	-	-	427,319	432,684
Capital outlay	148,675	4,655	135,337	5,326,564	497,462	6,112,693
Total expenditures	17,363,934	531,121	135,337	5,326,564	2,915,182	26,272,138
Revenues over (under) expenditures	1,677,732	45,009	(30,943)	(5,170,389)	(160,888)	(3,639,479)
Other financing sources (uses)						
Proceeds from issuance of other long-term liabilities	113,763	-	-	-	-	113,763
Proceeds from sale of capital assets	5,865	-	-	-	-	5,865
Transfers in	-	-	2,276,685	-	967,819	3,244,504
Transfers out	(2,276,685)	-	(10,000)	-	(957,819)	(3,244,504)
Total other financing sources (uses)	(2,157,057)	-	2,266,685	-	10,000	119,628
Net change in fund balances	(479,325)	45,009	2,235,742	(5,170,389)	(150,888)	(3,519,851)
Fund balances, beginning of year as previously reported	6,572,951	864,477	-	6,456,301	2,999,776	16,893,505
Change within financial reporting entity (nonmajor to major fund)	-	-	1,240,691	-	(1,240,691)	-
Fund balances, beginning of year as adjusted	6,572,951	864,477	1,240,691	6,456,301	1,759,085	16,893,505
Fund balances, end of year	\$ 6,093,626	\$ 909,486	\$ 3,476,433	\$ 1,285,912	\$ 1,608,197	\$ 13,373,654

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

IDA PUBLIC SCHOOLS

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended June 30, 2025

Net change in fund balances - total governmental funds \$ (3,519,851)

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 and reported as depreciation/amortization expense.

Capital assets purchased/constructed	6,240,602
Depreciation/amortization expense	(387,570)
Gain on sale of capital assets	5,865
Proceeds from sale of capital assets	(5,865)

Long-term liabilities proceeds provide current financial resources to governmental funds in the period issued, but issuing long-term liabilities increases total liabilities in the statement of net position. Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Proceeds from issuance of other long-term liabilities	(113,763)
Principal payments on bonds and other long-term liabilities	545,956
Amortization of bond premium	92,250

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 funds.

Change in net pension liability and related deferred amounts	1,119,751
Change in net other postemployment benefit asset and related deferred amounts	2,104,731
Change in the accrual for interest expense	55,327
Change in the accrual for compensated absences	44,998

Change in net position of governmental activities \$ 6,182,431

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

IDA PUBLIC SCHOOLS

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Local sources	\$ 1,016,352	\$ 1,155,630	\$ 1,161,500	\$ 5,870
State sources	16,750,885	17,142,360	16,927,027	(215,333)
Federal sources	112,569	162,952	157,186	(5,766)
Interdistrict sources and other	590,000	630,580	632,695	2,115
Interest revenue	76,000	165,100	163,258	(1,842)
Total revenues	18,545,806	19,256,622	19,041,666	(214,956)
Expenditures				
Current:				
Instruction:				
Basic programs	9,340,162	9,087,317	8,826,593	(260,724)
Added needs	1,668,973	1,815,225	1,654,246	(160,979)
Total instruction	11,009,135	10,902,542	10,480,839	(421,703)
Supporting services:				
Pupil	1,373,997	1,346,940	1,266,327	(80,613)
Instructional services	267,314	278,068	265,316	(12,752)
General administration	541,376	510,432	482,669	(27,763)
School administration	1,567,104	1,550,208	1,530,078	(20,130)
Business	357,002	381,759	383,283	1,524
Operations and maintenance	1,612,701	1,624,658	1,543,728	(80,930)
Pupil transportation services	996,241	889,357	816,761	(72,596)
Central	25,050	13,362	13,203	(159)
Total supporting services	6,740,785	6,594,784	6,301,365	(293,419)
Community services	1,250	6,093	6,073	(20)
Athletics	407,125	421,156	408,640	(12,516)
Debt service:				
Principal	10,000	10,000	13,078	3,078
Interest and fiscal charges	5,000	5,000	5,264	264
Total debt service	15,000	15,000	18,342	3,342
Capital outlay	138,771	47,965	148,675	100,710
Total expenditures	18,312,066	17,987,540	17,363,934	(623,606)
Revenues over expenditures	233,740	1,269,082	1,677,732	408,650
Other financing sources (uses)				
Proceeds from the issuance of other long-term liabilities	-	-	113,763	113,763
Proceeds from sale of capital assets	2,000	5,865	5,865	-
Transfers out	(626,345)	(2,276,685)	(2,276,685)	-
Total other financing sources (uses)	(624,345)	(2,270,820)	(2,157,057)	-
Net change in fund balance	(390,605)	(1,001,738)	(479,325)	522,413
Fund balance, beginning of year	6,572,951	6,572,951	6,572,951	-
Fund balance, end of year	\$ 6,182,346	\$ 5,571,213	\$ 6,093,626	\$ 522,413

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

IDA PUBLIC SCHOOLS

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - Technology Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
State sources	\$ 25,358	\$ 17,431	\$ 17,233	\$ (198)
Federal sources	5,384	-	-	-
Interdistrict sources and other	499,865	546,025	553,161	7,136
Interest revenue	4,895	4,895	5,736	841
Total revenues	<u>535,502</u>	<u>568,351</u>	<u>576,130</u>	<u>7,779</u>
Expenditures				
Current -				
Technology	545,877	561,763	523,487	(38,276)
Debt service:				
Principal	2,878	2,878	2,878	-
Interest and fiscal charges	101	101	101	-
Total debt service	<u>2,979</u>	<u>2,979</u>	<u>2,979</u>	<u>-</u>
Capital outlay	<u>40,800</u>	<u>17,300</u>	<u>4,655</u>	<u>(12,645)</u>
Total expenditures	<u>589,656</u>	<u>582,042</u>	<u>531,121</u>	<u>(50,921)</u>
Net change in fund balance	(54,154)	(13,691)	45,009	58,700
Fund balance, beginning of year	<u>864,477</u>	<u>864,477</u>	<u>864,477</u>	<u>-</u>
Fund balance, end of year	<u>\$ 810,323</u>	<u>\$ 850,786</u>	<u>\$ 909,486</u>	<u>\$ 58,700</u>

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

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NOTES TO FINANCIAL STATEMENTS

IDA PUBLIC SCHOOLS

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Ida Public Schools (the "District") has followed the guidelines of the Governmental Accounting Standards Board and has determined that no entities should be consolidated into its basic financial statements as component units. Therefore, the reporting entity consists of the primary government financial statements only. The criteria for including a component unit include significant operational or financial relationships with the District.

Government-wide and Fund 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 activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District had no business-type activities during the current year.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period or within one-year for expenditure driven grants. 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.

IDA PUBLIC SCHOOLS

Notes to Financial Statements

Property taxes 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those accounted for and reported in another fund.

The *technology fund* is a special revenue fund used to account for technology projects. Revenues are from intermediate sources related to a technology millage.

The *general capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The *2024 bond capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Additionally, the District reports the following fund types:

The *special revenue funds* are used to account and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

The *debt service fund* is used to account for financial resources restricted, committed, or assigned to expenditure for principal and interest.

The *capital projects funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The *permanent fund* accounts for contributions earmarked for scholarships available to qualifying students of the District.

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

The effect of interfund activity has been eliminated from the government-wide financial statements.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity

Deposits and investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

IDA PUBLIC SCHOOLS

Notes to Financial Statements

Investments, if any, are reported at fair value.

Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans).

Accounts payable and other payables reflected in the financial statements are based on when the liability is incurred.

Inventory and prepaid items

Inventory is valued at the lower of cost (first in, first out) or market. The cost is recorded as an expenditure when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items.

Capital assets

Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition cost at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and land improvements	50
Machinery and equipment	5-20
Transportation equipment	3-7
Software	5-10

Deferred outflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports deferred outflows of resources related to the net pension liability and net other postemployment benefit asset. A portion of these costs represent contributions to the plan subsequent to the plan measurement date.

IDA PUBLIC SCHOOLS

Notes to Financial Statements

Compensated absences

The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences - vacation and sick. The liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Leases

Lessee. The District is a lessee for a noncancellable lease of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (leased asset) in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$5,000 or more.

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

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price (if applicable) that the District is reasonably certain to exercise.

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

Deferred inflows of resources

In addition to liabilities, the statement of financial 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 assets that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District's deferred inflows of resources are related to the net pension liability and net other postemployment benefit asset.

IDA PUBLIC SCHOOLS

Notes to Financial Statements

Long-term obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the governmental activities statement of net position. Where applicable, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types generally 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 on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund equity

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of the resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority, the Board of Education. A formal resolution of the Board of Education is required to establish, modify or rescind a fund balance commitment. The District reports assigned fund balance for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Education has delegated the authority to assign fund balance to the Superintendent or his/her designee. Unassigned fund balance is the residual classification for the general fund.

When the District incurs an expenditure for purposes for which various fund balance classifications can be used, it is the District's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

Pensions and other postemployment benefits

For purposes of measuring the net pension liability and other postemployment benefit asset, deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits, and pension and other postemployment benefit expense, information about the fiduciary net position of the plan and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plan. 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.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

IDA PUBLIC SCHOOLS

Notes to Financial Statements

2. COMPLIANCE AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the general and special revenue funds. All annual appropriations lapse at fiscal year end.

The general and special revenue funds are under formal budgetary control. Budgets shown in the financial statements are adopted on a basis consistent with GAAP, and are not significantly different from the modified accrual basis used to reflect actual results, and consist only of those amounts contained in the formal budget as originally adopted or as amended by the Board of Education. The budgets for the general and special revenue funds are adopted on a functional basis.

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. During the year the District incurred certain expenditures in excess of the amounts appropriated as follows:

	Final Budget	Actual	Over Final Budget
General Fund			
Supporting services -			
Business	\$ 381,759	\$ 383,283	\$ 1,524
Debt service:			
Principal	10,000	13,078	3,078
Interest and fiscal charges	5,000	5,264	264
Capital outlay	47,965	148,675	100,710

Sinking Fund

The sinking fund capital projects fund records capital project activities funded with a sinking fund millage. For this fund, the District has complied with the applicable provisions of Section 1212 of the Revised School Code.

Bonded Construction Costs

The 2024 bond capital projects fund includes capital project activities funded with bonds. For this capital project, the District has complied with the applicable provisions of Section 1351a of the Revised School Code. The fund is not yet considered substantially complete and a subsequent year audit is expected.

IDA PUBLIC SCHOOLS

Notes to Financial Statements

3. DEPOSITS AND INVESTMENTS

A reconciliation of cash and investments as shown on the Statement of Net Position follows:

Statement of Net Position

Cash and cash equivalents	<u>\$ 13,146,803</u>
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Deposits and investments

Bank deposits (checking and savings accounts)	\$ 8,542,065
Michigan Liquid Asset Fund	<u>4,604,738</u>
	<u>\$ 13,146,803</u>

Statutory Authority

State statutes authorize the District to invest in:

Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State. In a primary or fourth class school district, the bonds, bills, or notes shall be payable at the option of the holder upon not more than 90 days notice or, if not so payable, shall have maturity dates not more than five years after the purchase dates.

Certificates of deposit insured by a State or national bank, savings accounts of a state or federal savings and loan association, or certificates of deposit or share certificates of a state or federal credit union organized and authorized to operate in this State.

Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.

Securities issued or guaranteed by agencies or instrumentalities of the United States government or federal agency obligation repurchase agreements, and bankers' acceptance issued by a bank that is a member of the federal deposit insurance corporation.

Mutual funds composed entirely of investment vehicles that are legal for direct investment by a school district.

Investment pools, as authorized by the surplus funds investment pool act, composed entirely of instruments that are legal for direct investment by a school district.

The District's investment policy allows for all of the above investment types.

IDA PUBLIC SCHOOLS

Notes to Financial Statements

The District chooses to disclose its investments by specific identification. As of year end, the District had the following investments:

Investment	Maturity	Amortized cost	Rating
Michigan Liquid Asset Fund	n/a	<u>\$ 4,604,738</u>	S&P AAAM

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the list of authorized investments above. The District's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments above. The District's investment policy does not have specific limits in excess of state law on investment credit risk. The ratings for each investment are identified above for investments held at year end.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. State law does not require and the District does not have a policy for deposit custodial credit risk. As of year end, \$8,172,863 of the District's bank balance of \$8,688,534 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk - Investments. For an investment, custodial credit risk 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. State law does not require and the District does not have a policy for investment custodial credit risk. The investments listed above are not subject to custodial credit risk.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments above. The District's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year end are reported above.

Fair Value. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs. The District's investments in the Michigan Liquid Assets Fund (MILAF) are recorded at amortized cost, therefore, fair value is not applicable.

IDA PUBLIC SCHOOLS

Notes to Financial Statements

4. RECEIVABLES

Accounts receivable as of year end for the District's major funds and nonmajor funds in the aggregate, were as follows:

	General	Technology	Nonmajor Governmental Funds	Total
Accounts	\$ 7,846	\$ 3,065	\$ 11,264	\$ 22,175
Due from other governments	3,132,825	3,715	110,577	3,247,117
	<u>\$ 3,140,671</u>	<u>\$ 3,715</u>	<u>\$ 121,841</u>	<u>\$ 3,269,292</u>

IDA PUBLIC SCHOOLS

Notes to Financial Statements

5. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2025, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets not being depreciated:				
Land	\$ 771,045	\$ -	\$ -	\$ 771,045
Construction in process	2,152,140	5,407,271	-	7,559,411
Total capital assets not being depreciated	2,923,185	5,407,271	-	8,330,456
Capital assets being depreciated/amortized:				
Land improvements	966,287	-	-	966,287
Buildings and improvements	6,079,971	513,097	-	6,593,068
Machinery and equipment	2,352,239	206,471	(67,541)	2,491,169
Transportation equipment	1,902,494	-	-	1,902,494
Software	26,446	-	-	26,446
Leased equipment (Note 9)	28,620	113,763	(28,620)	113,763
Subscription assets	40,257	-	(40,257)	-
	11,396,314	833,331	(136,418)	12,093,227
Less accumulated depreciation/amortization for:				
Land improvements	(479,383)	(24,465)	-	(503,848)
Buildings and improvements	(4,284,958)	(90,730)	-	(4,375,688)
Machinery and equipment	(1,211,528)	(153,822)	67,541	(1,297,809)
Transportation equipment	(1,659,488)	(95,977)	-	(1,755,465)
Software	(23,988)	(1,135)	-	(25,123)
Leased equipment (Note 9)	(21,465)	(18,532)	28,620	(11,377)
Subscription assets	(37,348)	(2,909)	40,257	-
	(7,718,158)	(387,570)	136,418	(7,969,310)
Total capital assets being depreciated/amortized, net	3,678,156	445,761	-	4,123,917
Capital assets, net	\$ 6,601,341	\$ 5,853,032	\$ -	\$ 12,454,373

Depreciation/amortization expense of \$387,570 is reported as "unallocated depreciation/amortization" and not allocated to other functions.

At June 30, 2025, the District had remaining construction commitments for its Energy Savings Project of \$1,013,496.

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Notes to Financial Statements

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities as of year end for the District's major funds and nonmajor funds in the aggregate, are as follows:

	General	Technology	2024 Bond Capital Projects	Nonmajor Governmental Funds	Total
Accounts payable	\$ 135,798	\$ -	\$ 1,000,000	\$ 63,256	\$ 1,199,054
Accrued salaries payable	762,697	2,553	-	4,566	769,816
Other accrued liabilities	683,146	4,218	-	4,512	691,876
	<u>\$ 1,581,641</u>	<u>\$ 6,771</u>	<u>\$ 1,000,000</u>	<u>\$ 72,334</u>	
Government-wide Financial Statements - Accrued interest on long-term debt					<u>56,125</u>
					<u>\$ 2,716,871</u>

7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

For the year ending June 30, 2025, interfund receivables/payables consisted of the following:

	Due From	Due To
General fund	\$ -	\$ 21,233
Technology fund	49,858	-
General capital projects fund	-	19,184
Nonmajor governmental funds	3,527	12,968
	<u>\$ 53,385</u>	<u>\$ 53,385</u>

The District often reports interfund balances between many of its funds. These interfund balances result primarily from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

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For the year ending June 30, 2025, interfund transfers consisted of the following:

	Transfers in	Transfers out
General fund	\$ -	\$ 2,276,685
General capital projects fund	2,276,685	10,000
Nonmajor governmental funds	967,819	957,819
	<u>\$ 3,244,504</u>	<u>\$ 3,244,504</u>

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

For the year ended June 30, 2025, the District transferred funds from the general fund to fund capital project expenditures in both the general capital projects and track construction funds. Additionally, the District transferred funds from the sinking fund to the 2024 bond capital projects fund to pay for debt service (which is allowable when all projects in the bond fund are sinking-fund eligible as is the case for the District).

8. BONDS AND OTHER LONG-TERM LIABILITIES

Bonds and other long-term liabilities activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental Activities					
General obligation bond	\$ 7,265,000	\$ -	\$ (530,000)	\$ 6,735,000	\$ 1,575,000
Lease liability (Note 9)	5,202	113,763	(13,078)	105,887	19,982
Subscriptions liability	2,878	-	(2,878)	-	-
Total installment debt	<u>7,273,080</u>	<u>113,763</u>	<u>(545,956)</u>	<u>6,840,887</u>	<u>1,594,982</u>
Unamortized bond premium	607,311	-	(92,250)	515,061	92,250
Compensated absences*	<u>1,074,550</u>	<u>-</u>	<u>(44,998)</u>	<u>1,029,552</u>	<u>326,692</u>
Total Long-term Debt	<u>\$ 8,954,941</u>	<u>\$ 113,763</u>	<u>\$ (683,204)</u>	<u>\$ 8,385,500</u>	<u>\$ 2,013,924</u>

* The change in compensated absences above is a net change for the year.

General obligation bonds

2024 Energy Conservation bonds, due in annual installments of \$530,000 to \$1,670,000 through 2031, interest at 5.00%.

\$ 6,735,000

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Notes to Financial Statements

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ended June 30,	Principal	Interest	Total
2026	\$ 1,575,000	\$ 336,750	\$ 1,911,750
2027	1,670,000	258,000	1,928,000
2028	780,000	174,500	954,500
2029	840,000	135,500	975,500
2030	905,000	93,500	998,500
2031	965,000	48,250	1,013,250
Totals	\$ 6,735,000	\$ 1,046,500	\$ 7,781,500

9. LEASE LIABILITY

The District is involved in one agreement as a lessee that qualifies as a long-term lease agreement. Below is a summary of the nature of this agreement. This agreement qualifies as an intangible, right-to-use asset and not a financed purchase, as the District will not own the asset at the end of the contract term and the noncancelable term of the agreement surpasses one year.

The right-to-use-assets and the related activity are included in Note 5, Capital Assets. The lease liability and related activity is presented in Note 8, Bonds and Other Long-term Liabilities.

Asset Type	Remaining Term of Agreement
Equipment	5 years

The net present value of future minimum payments as of June 30, 2025, were as follows:

Year Ended June 30,	Principal	Interest	Total
2026	\$ 19,982	\$ 7,594	\$ 27,576
2027	21,607	5,969	27,576
2028	23,363	4,213	27,576
2029	25,262	2,314	27,576
2030	15,673	412	16,085
Totals	\$ 105,887	\$ 20,502	\$ 126,389

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Notes to Financial Statements

10. RISK MANAGEMENT

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

The shared-risk pool program in which the District participates operates as a common risk-sharing management program for school districts in Michigan, covering property, casualty and worker disability claims; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

11. PROPERTY TAXES

Property taxes levied by the District are collected by the Townships of Bedford, Dundee, Ida, Lasalle, Monroe, and Raisinville and periodically remitted to the District. The taxes are levied and become a lien as of July 1 and December 1 and are due upon receipt of the billing by the taxpayer. The actual due dates are September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

12. PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS

Plan Description

The Michigan Public School Employees' Retirement System (the "System" or MPSERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (the "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 at the ORS website at www.michigan.gov/orsschools.

Notes to Financial Statements

Pension Benefits Provided

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25% to 1.50%. 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 member 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.

Participants in the defined contribution plan consist of one of the following: (1) members who worked for a Michigan public school on or after September 4, 2012 and elected to be enrolled in the defined contribution plan; (2) members who elected to transfer from the defined benefit plan to the defined contribution plan under the reform (P.A. 300) of 2012; or (3) members who worked for a Michigan public school on or after February 1, 2018 and did not elect participation in the Pension Plus 2 plan. Members who worked for a Michigan public school on or after September 4, 2012 and elected to be enrolled in the defined contribution plan receive a 100% match of the member contribution rate up to a maximum of 3% based on the member's gross earnings. Additionally, there is a mandatory employer contribution of 4% of the member's gross earnings for MPSERS members who elected to convert from a Basic or MIP benefit plan to the defined contribution benefit plan. Members electing the Pension Plus or Pension Plus 2 benefit plan receive a 50% match of the member's contribution percent up to a maximum of 1% based on the member's gross earnings. Effective October 1, 2017, there is a mandatory employer contribution of 4% of the member's gross earnings for members who elect the Defined Contribution benefit plan. The employer must match 100% of the employee contribution for any member who elected the Personal Healthcare Fund up to a maximum of 2% of the member's gross earnings. For all members with a Personal Health Care Fund (PHF), the first 2% of DC contributions must go into the PHF and must be matched 100% by the employer.

Other Postemployment Benefits Provided

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

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Notes to Financial Statements

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

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

Contributions

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2023 valuation will be amortized over a 15-year period beginning October 1, 2023 and ending September 30, 2038.

The table below summarizes pension contribution rates in effect for fiscal year 2025:

Benefit Structure	Member Rates	Employer Rates
Basic	0.00% - 4.00%	23.03% - 30.11%
Member Investment Plan (MIP)	3.00% - 7.00%	23.03% - 30.11%
Pension Plus	3.00% - 6.40%	19.17% - 26.27%
Pension Plus 2	6.20%	20.10% - 27.16%
Defined Contribution	0.00%	13.90% - 20.96%

For the year ended June 30, 2025, required and actual contributions from the District to the pension plan were \$2,696,921, which included \$914,679, the amount received from the State and remitted to the System to fund the MPSERS unfunded actuarial accrued liability ("UAAL") stabilization rate. In addition, the District had additional contributions of \$207,910, which was a one-time, state payment toward the MPSERS unfunded liability.

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Notes to Financial Statements

The table below summarizes OPEB contribution rates in effect for fiscal year 2025:

Benefit Structure	Member Rates	Employer Rates
Premium Subsidy	3.00%	1.25% - 8.31%
Personal Healthcare Fund (PHF)	0.00%	0.00% - 7.06%

For the year ended June 30, 2025, required and actual contributions from the District to the OPEB plan were \$825,561.

The table below summarizes defined contribution rates in effect for fiscal year 2025:

Benefit Structure	Member Rates	Employer Rates
Defined Contribution	0.00% - 3.00%	0.00% - 7.00%
Personal Healthcare Fund (PHF)	0.00% - 2.00%	0.00% - 2.00%

For the year ended June 30, 2025, required and actual contributions from the District for those members with a defined contribution benefit were \$178,436.

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

At June 30, 2025, the District reported a liability of \$20,543,068 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2023. 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, 2024, the District's proportion was 0.08391%, which was an increase of 0.00109% from its proportion measured as of September 30, 2023.

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Notes to Financial Statements

For the year ended June 30, 2025, the District recognized pension expense of \$1,759,104. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ 557,348	\$ 223,203	\$ 334,145
Changes in assumptions	2,141,737	1,505,157	636,580
Net difference between projected and actual earnings on pension plan investments	-	3,920,488	(3,920,488)
Changes in proportion and differences between employer contributions and proportionate share of contributions	309,612	326,079	(16,467)
	<u>3,008,697</u>	<u>5,974,927</u>	<u>(2,966,230)</u>
District contributions subsequent to the measurement date	2,663,963	-	2,663,963
	<u>2,663,963</u>	<u>-</u>	<u>2,663,963</u>
Total	<u><u>\$ 5,672,660</u></u>	<u><u>\$ 5,974,927</u></u>	<u><u>\$ (302,267)</u></u>

The amount reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2026	\$ (640,553)
2027	91,043
2028	(1,428,085)
2029	<u>(988,635)</u>
Total	<u><u>\$ (2,966,230)</u></u>

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Notes to Financial Statements

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

At June 30, 2025, the District reported an asset of \$3,607,288 for its proportionate share of the MPSERS net OPEB asset. The net OPEB asset was measured as of September 30, 2024, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 2023. The District's proportion of the net OPEB asset 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, 2024, the District's proportion was 0.08380% which was a decrease of 0.00014% from its proportion measured as of September 30, 2023.

For the year ended June 30, 2025, the District recognized OPEB benefit of \$1,285,527. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ -	\$ 3,822,624	\$ (3,822,624)
Changes in assumptions	787,884	90,561	697,323
Net difference between projected and actual earnings on OPEB plan investments	-	682,901	(682,901)
Changes in proportion and differences between employer contributions and proportionate share of contributions	119,369	85,773	33,596
	<u>907,253</u>	<u>4,681,859</u>	<u>(3,774,606)</u>
District contributions subsequent to the measurement date	735,105	-	735,105
Total	<u>\$ 1,642,358</u>	<u>\$ 4,681,859</u>	<u>\$ (3,039,501)</u>

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The amount reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as an adjustment to the net OPEB asset in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Amount
2026	\$ (1,192,542)
2027	(737,523)
2028	(736,113)
2029	(673,591)
2030	(366,911)
Thereafter	<u>(67,926)</u>
Total	<u>\$ (3,774,606)</u>

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The total pension and OPEB liabilities in the September 30, 2023 actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age, normal
Wage inflation rate	2.75%
Investment rate of return:	
MIP and Basic plans (non-hybrid)	6.00%
Pension Plus plan (hybrid)	6.00%
Pension Plus 2 plan (hybrid)	6.00%
OPEB plans	6.00%
Projected salary increases	2.75% - 11.55%, including wage inflation at 2.75%
Cost of living adjustments	3% annual non-compounded for MIP members
Healthcare cost trend rate	Pre-65: 7.25% Year 1 graded to 3.5% Year 15 Post-65: 6.50% Year 1 graded to 3.5% Year 15
Mortality	Retirees: PubT-2010 Male and Female Retiree Mortality Tables scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010. Active: PubT-2010 Male and Female Employee Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

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Notes to Financial Statements

Other OPEB assumptions:

Opt-out assumptions	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt-out of the retiree health plan.
Survivor coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
Coverage election at retirement	75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2023 valuation. The total pension and OPEB liabilities as of September 30, 2024, are based on the results of an actuarial valuation date of September 30, 2023, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.4612 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 6.2834 years which is the average of the expected remaining service lives of all employees. The recognition period for assets is 5 years.

Changes in assumptions. The method for amortizing UAAL transitioned from the level percent of payroll to the level dollar method. In addition, healthcare cost trend rates for pre-65 decreased from 7.50% to 7.25% and post-65 increased from 6.25% to 6.50%.

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Notes to Financial Statements

Long-term Expected Return on Pension and OPEB Plan Assets

The long-term expected rate of return on pension and OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension/OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension and OPEB plans' target asset allocation as of September 30, 2024, are summarized in the following table:

Pension

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	25.00%	5.02%	1.26%
Private equity pools	16.00%	8.53%	1.36%
International equity pools	15.00%	6.16%	0.92%
Fixed income pools	13.00%	2.08%	0.27%
Real estate and infrastructure pools	10.00%	6.73%	0.67%
Absolute return pools	9.00%	4.93%	0.44%
Real return/opportunistic pools	10.00%	6.54%	0.65%
Short-term investment pools	2.00%	1.33%	0.03%
	<u>100.00%</u>		5.60%
Inflation			2.30%
Risk adjustment			<u>-1.90%</u>
Investment rate of return			<u><u>6.00%</u></u>

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OPEB

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	25.00%	5.02%	1.26%
Private equity pools	16.00%	8.53%	1.36%
International equity pools	15.00%	6.16%	0.92%
Fixed income pools	13.00%	1.88%	0.24%
Real estate and infrastructure pools	10.00%	6.73%	0.67%
Absolute return pools	9.00%	4.93%	0.44%
Real return/opportunistic pools	10.00%	6.54%	0.65%
Short-term investment pools	2.00%	1.33%	0.03%
	<u>100.00%</u>		5.57%
Inflation			2.30%
Risk adjustment			<u>-1.87%</u>
Investment rate of return			<u><u>6.00%</u></u>

Rate of Return

For the fiscal year ended September 30, 2024, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 15.47% and 15.45%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 6.00% was used to measure the total pension and OPEB liabilities. This discount rate was based on the long-term expected rate of return on pension and OPEB plan investments of 6.00%. The projection of cash flows used to determine these discount rates 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 and 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 pension and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities.

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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 6.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
District's proportionate share of the net pension liability	\$ 30,116,359	\$ 20,543,068	\$ 12,571,462

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

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

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
District's proportionate share of the net OPEB asset	\$ (2,787,742)	\$ (3,607,288)	\$ (4,315,872)

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Healthcare Cost Trend Rate

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ (4,315,880)	\$ (3,607,288)	\$ (2,847,327)

IDA PUBLIC SCHOOLS

Notes to Financial Statements

Pension and OPEB Plans Fiduciary Net Position

Detailed information about the pension and OPEB plan's fiduciary net position is available in the separately issued MPSERS financial statements available on the State of Michigan Office of Retirement Services website at www.michigan.gov/orsschools.

Payable to the Pension Plan

At June 30, 2025, the District reported a payable of \$403,290 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2025.

Payable to the OPEB Plan

At June 30, 2025, the District reported a payable of \$8,266 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2025.

13. CONTINGENCIES

Under the terms of various Federal and State grants and regulatory requirements, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants and requirements. Such audits could lead to reimbursement to the grantor or regulatory agencies. However, management does not believe such disallowances, if any, will be material to the financial position of the District.

As is the case with other entities, the District faces exposure from potential claims and legal proceedings involving environmental matters. No such claims or proceedings have been asserted as of June 30, 2025.

14. NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of June 30, 2025 was as follows:

Capital assets, net	\$ 12,454,373
Bonds payable	(6,735,000)
Unamortized bond premium	(515,061)
Unspent bond proceeds	1,285,912
Lease liability	<u>(105,887)</u>
Net investment in capital assets	<u>\$ 6,384,337</u>

IDA PUBLIC SCHOOLS

Notes to Financial Statements

15. RESTATEMENT/ADJUSTMENTS TO BEGINNING NET POSITION/FUND BALANCE

For the year ended June 30, 2025, the District had the following restatement/adjustments to beginning net position/fund balance.

	Governmental Activities	General Capital Projects	Nonmajor Governmental Funds
Net position/fund balances, beginning of year, as previously reported	\$ (8,049,891)	\$ -	\$ 2,999,766
Change in accounting principle - Implementation of new standard	(1,023,686)	-	-
Change within the financial reporting entity - Change from nonmajor to major fund	-	1,240,691	(1,240,691)
Net position/fund balances, beginning of year, as restated/adjusted	<u>\$ (9,073,577)</u>	<u>\$ 1,240,691</u>	<u>\$ 1,759,075</u>

The District implemented GASB Statement No. 101, *Compensated Absences*, in the current year.

The District previously reported the general capital projects fund as nonmajor. The general capital projects fund meets the quantitative threshold for major funds in accordance with GAAP for the year ended June 30, 2025.

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REQUIRED SUPPLEMENTARY INFORMATION

IDA PUBLIC SCHOOLS

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan

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

	Year Ended June 30,			
	2025	2024	2023	2022
District's proportionate share of the net pension liability	\$ 20,543,068	\$ 26,806,211	\$ 31,674,263	\$ 19,910,042
District's proportion of the net pension liability	0.08391%	0.08282%	0.08422%	0.08410%
District's covered payroll	\$ 8,854,312	\$ 8,418,414	\$ 8,340,503	\$ 7,640,543
District's proportionate share of the net pension liability as a percentage of its covered payroll	232.01%	318.42%	379.76%	260.58%
Plan fiduciary net position as a percentage of the total pension liability	74.44%	65.91%	60.77%	72.60%

See notes to required supplementary information.



Year Ended June 30,					
2021	2020	2019	2018	2017	2016
\$ 28,389,082	\$ 27,095,026	\$ 25,306,569	\$ 22,180,176	\$ 21,149,294	\$ 19,867,402
0.08264%	0.08182%	0.08418%	0.08559%	0.08477%	0.08134%
\$ 7,395,275	\$ 7,065,175	\$ 7,077,133	\$ 7,146,517	\$ 7,291,507	\$ 6,791,702
383.88%	383.50%	357.58%	310.36%	290.05%	292.52%
59.72%	60.31%	62.36%	64.21%	63.27%	63.17%

IDA PUBLIC SCHOOLS

Required Supplementary Information

MPERS Cost-Sharing Multiple Employer Plan
Schedule of the District's Pension Contributions

	Year Ended June 30,			
	2025	2024	2023	2022
Statutorily required contribution	\$ 2,696,921	\$ 3,486,039	\$ 2,996,210	\$ 2,847,224
Contributions in relation to the statutorily required contribution	<u>(2,696,921)</u>	<u>(3,486,039)</u>	<u>(2,996,210)</u>	<u>(2,847,224)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 9,279,218	\$ 8,870,724	\$ 8,451,446	\$ 8,428,045
Contributions as a percentage of covered payroll	29.06%	39.30%	35.45%	33.78%

See notes to required supplementary information.



Year Ended June 30,					
2021	2020	2019	2018	2017	2016
\$ 2,534,147	\$ 2,254,109	\$ 2,172,726	\$ 2,302,902	\$ 2,010,231	\$ 1,878,044
<u>(2,534,147)</u>	<u>(2,254,109)</u>	<u>(2,172,726)</u>	<u>(2,302,902)</u>	<u>(2,010,231)</u>	<u>(1,878,044)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,643,531	\$ 7,380,355	\$ 7,099,173	\$ 7,075,566	\$ 7,141,108	\$ 7,052,931
33.15%	30.54%	30.61%	32.55%	28.15%	26.63%

IDA PUBLIC SCHOOLS

Required Supplementary Information

MPSERS Cost-Sharing Multiple Employer Plan
Schedule of the District's Proportionate Share of the
Net Other Postemployment Benefit Liability (Asset)

	Year Ended June 30,			
	2025	2024	2023	2022
District's proportionate share of the net OPEB liability (asset)	\$ (3,607,288)	\$ (474,826)	\$ 1,820,712	\$ 1,293,981
District's proportion of the net OPEB liability (asset)	0.08380%	0.08394%	0.08596%	0.08477%
District's covered payroll	\$ 8,854,312	\$ 8,418,414	\$ 8,340,503	\$ 7,640,543
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-40.74%	-5.64%	21.83%	16.94%
Plan fiduciary net position as a percentage of the total OPEB liability	143.08%	105.04%	83.09%	87.33%

See notes to required supplementary information.

Year Ended June 30,			
2021	2020	2019	2018
\$ 4,480,411	\$ 5,811,563	\$ 6,608,053	\$ 7,594,203
0.08363%	0.08097%	0.08313%	0.08576%
\$ 7,395,275	\$ 7,065,175	\$ 7,077,133	\$ 7,146,517
60.58%	82.26%	93.37%	106.26%
59.44%	48.46%	42.95%	36.39%

IDA PUBLIC SCHOOLS

Required Supplementary Information

MPSERS Cost-Sharing Multiple Employer Plan

Schedule of the District's Other Postemployment Benefit Contributions

	Year Ended June 30,			
	2025	2024	2023	2022
Statutorily required contribution	\$ 825,561	\$ 692,494	\$ 651,285	\$ 648,291
Contributions in relation to the statutorily required contribution	<u>(825,561)</u>	<u>(692,494)</u>	<u>(651,285)</u>	<u>(648,291)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 9,279,218	\$ 8,870,724	\$ 8,451,446	\$ 8,428,045
Contributions as a percentage of covered payroll	8.90%	7.81%	7.71%	7.69%

See notes to required supplementary information.



Year Ended June 30,			
2021	2020	2019	2018
\$ 633,819	\$ 590,056	\$ 548,572	\$ 523,720
<u>(633,819)</u>	<u>(590,056)</u>	<u>(548,572)</u>	<u>(523,720)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,643,531	\$ 7,380,355	\$ 7,099,173	\$ 7,075,566
8.29%	7.99%	7.73%	7.40%

IDA PUBLIC SCHOOLS

Notes to Required Supplementary Information

Pension Information

The amounts presented in the schedule of the District's Proportionate Share of the Net Pension Liability were determined as of September 30 of the preceding year (the plan year).

The significant changes in assumptions for each of the fiscal years ended June 30 were as follows:

- 2025 - The method for amortizing UAAL transitioned from the level percent of payroll to the level dollar method.
- 2024 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2025 and 2026 employer contributions decreased from 2.00% to 1.50% and 1.50% to 0.75%, respectively. In addition, the PubT-2010 mortality tables were used in the September 2022 valuation compared to the RP-2014 mortality tables used in the September 2021 valuation.
- 2023 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2024 employer contributions decreased from 2.5% to 2.0%. Additionally, the discount rate used in the September 30, 2021 actuarial valuation decreased to 6.00% for the MIP and Basic plans, and 6.00% for the Pension Plus Plan.
- 2022 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%.
- 2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%.
- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.80% for the MIP and Basic plans, 6.80% for the Pension Plus Plan, and 6.00% for the Pension Plus 2 Plan.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.05% for the MIP and Basic plans, 7.00% for the Pension Plus plan, and 6.00% for the Pension Plus 2 plan.
- 2018 - The discount rate used in the September 30, 2016 actuarial valuation decreased to 7.50% for the MIP and Basic plans and 7.00% for the Pension Plus plan.

IDA PUBLIC SCHOOLS

Notes to Required Supplementary Information

OPEB Information

GASB 75 was implemented in fiscal year 2018. The OPEB plan schedules are being built prospectively. Ultimately, 10 years of data will be presented.

The amounts presented in the schedule of the District's Proportionate Share of the Net OPEB Liability (Asset) were determined as of September 30 of the preceding year (the plan year).

The significant changes in assumptions for each of the fiscal years ended June 30 were as follows:

- 2025 - The method for amortizing UAAL transitioned from the level percent of payroll to the level dollar method. In addition, healthcare cost trend rates for pre-65 decreased from 7.50% to 7.25% and post-65 increased from 6.25% to 6.50%.
- 2024 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2025 and 2026 employer contributions decreased from 2.00% to 1.50% and 1.50% to 0.75%, respectively. In addition, the PubT-2010 mortality tables were used in the September 2022 valuation compared to the RP-2014 mortality tables used in the September 2021 valuation. Finally, healthcare cost trend rates for pre-65 decreased from 7.75% to 7.50% and post-65 increased from 5.25% to 6.25%.
- 2023 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2024 employer contributions decreased from 2.5% to 2.0%. Additionally, the discount rate used in the September 30, 2021 actuarial valuation decreased to 6.00%.
- 2022 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%. The healthcare cost trend rate used in the September 30, 2020 actuarial valuation increased to 7.75%.
- 2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%. The healthcare cost trend rate used in the September 30, 2019 actuarial valuation decreased to 7.0%.
- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.95%.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.15%.

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**COMBINING FUND
FINANCIAL STATEMENTS**

IDA PUBLIC SCHOOLS

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2025

	Special Revenue			Debt Service
	Food Service	Community Recreation	Student Activities	2024 Bond
Assets				
Cash and cash equivalents	\$ 989,869	\$ 11,845	\$ 372,144	\$ 500
Accounts receivable	10,913	-	351	-
Due from other funds	-	3,527	-	-
Due from other governments	110,577	-	-	-
Total assets	<u>\$ 1,111,359</u>	<u>\$ 15,372</u>	<u>\$ 372,495</u>	<u>\$ 500</u>
Liabilities				
Accounts payable	\$ 62,018	\$ -	\$ 1,238	\$ -
Due to other funds	12,968	-	-	-
Accrued salaries payable	4,566	-	-	-
Other accrued liabilities	4,512	-	-	-
Unearned revenue	12,342	-	-	-
Total liabilities	<u>96,406</u>	<u>-</u>	<u>1,238</u>	<u>-</u>
Fund balances				
Restricted for:				
Food service	1,014,953	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	500
Committed for:				
Capital projects	-	-	-	-
Community recreation	-	15,372	-	-
Student/school activities	-	-	371,257	-
Total fund balances	<u>1,014,953</u>	<u>15,372</u>	<u>371,257</u>	<u>500</u>
Total liabilities and fund balances	<u>\$ 1,111,359</u>	<u>\$ 15,372</u>	<u>\$ 372,495</u>	<u>\$ 500</u>



Capital Projects		Permanent	Total Nonmajor Governmental Funds
Sinking Fund	Track Construction	Scholarships	
\$ 102,445	\$ 103,670	\$ -	\$ 1,580,473
-	-	-	11,264
-	-	-	3,527
-	-	-	110,577
\$ 102,445	\$ 103,670	\$ -	\$ 1,705,841
\$ -	\$ -	\$ -	\$ 63,256
-	-	-	12,968
-	-	-	4,566
-	-	-	4,512
-	-	-	12,342
-	-	-	97,644
-	-	-	1,014,953
102,445	-	-	102,445
-	-	-	500
-	103,670	-	103,670
-	-	-	15,372
-	-	-	371,257
102,445	103,670	-	1,608,197
\$ 102,445	\$ 103,670	\$ -	\$ 1,705,841

IDA PUBLIC SCHOOLS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds For the Year Ended June 30, 2025

	Special Revenue			Debt Service
	Food Service	Community Recreation	Student Activities	2024 Bond
Revenues				
Local sources	\$ 114,857	\$ 11,822	\$ 220,437	\$ -
State sources	755,048	-	-	-
Federal sources	360,686	-	-	-
Interdistrict sources and other	134,384	-	-	-
Interest revenue	13,403	-	4,041	-
Total revenues	1,378,378	11,822	224,478	-
Expenditures				
Current:				
Supporting services	-	-	186,266	-
Food service	1,257,040	-	-	-
Community recreation	-	12,035	-	-
Debt service:				
Principal	-	-	-	530,000
Interest and fiscal charges	-	-	-	427,319
Capital outlay	74,917	-	-	-
Total expenditures	1,331,957	12,035	186,266	957,319
Revenues over (under) expenditures	46,421	(213)	38,212	(957,319)
Other financing sources (uses)				
Transfers in	-	-	-	957,819
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	957,819
Net change in fund balances	46,421	(213)	38,212	500
Fund balances, beginning of year, as previously reported	968,532	15,585	333,045	-
Change within financial reporting entity (nonmajor to major fund)	-	-	-	-
Fund balances, beginning of year, as adjusted	968,532	15,585	333,045	-
Fund balances, end of year	\$ 1,014,953	\$ 15,372	\$ 371,257	\$ 500

Capital Projects			Permanent	Total Nonmajor Governmental Funds
(Formerly Nonmajor Fund) General	Sinking Fund	Track Construction	Scholarships	
	\$ 1,138,009	\$ -	\$ -	\$ 1,485,125
	-	-	-	755,048
	-	-	-	360,686
	-	-	-	134,384
	1,607	-	-	19,051
	<u>1,139,616</u>	<u>-</u>	<u>-</u>	<u>2,754,294</u>
	-	-	5,060	191,326
	-	-	-	1,257,040
	-	-	-	12,035
	-	-	-	530,000
	-	-	-	427,319
	<u>422,545</u>	<u>-</u>	<u>-</u>	<u>497,462</u>
	<u>422,545</u>	<u>-</u>	<u>5,060</u>	<u>2,915,182</u>
	<u>717,071</u>	<u>-</u>	<u>(5,060)</u>	<u>(160,888)</u>
	-	10,000	-	967,819
	<u>(957,819)</u>	<u>-</u>	<u>-</u>	<u>(957,819)</u>
	<u>(957,819)</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
	<u>(240,748)</u>	<u>10,000</u>	<u>(5,060)</u>	<u>(150,888)</u>
\$ 1,240,691	343,193	93,670	5,060	2,999,776
<u>(1,240,691)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,240,691)</u>
<u>\$ -</u>	<u>343,193</u>	<u>93,670</u>	<u>5,060</u>	<u>1,759,085</u>
	<u>\$ 102,445</u>	<u>\$ 103,670</u>	<u>\$ -</u>	<u>\$ 1,608,197</u>

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**INDEPENDENT AUDITORS' 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***

October 1, 2025

Board of Education
Ida Public Schools
Ida, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Ida Public Schools** (the "District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 1, 2025.

Report on Internal Control Over Financial Reporting

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

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

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



Report on Compliance and Other Matters

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

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 District'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.

A handwritten signature in black ink that reads "Lehmann Rohan LLC". The signature is written in a cursive, flowing style.