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# Macomb Intermediate School District

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**Financial Report  
with Supplementary Information  
June 30, 2023**

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## **Independent Auditor's Report**

To the Board of Education  
Macomb Intermediate School District

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Macomb Intermediate School District (the "Intermediate School District") as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise Macomb Intermediate School District's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Macomb Intermediate School District as of June 30, 2023 and the respective changes in its financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Intermediate School District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Intermediate School District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with 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.

To the Board of Education  
Macomb Intermediate School District

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

#### ***Other Supplementary Information***

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

To the Board of Education  
Macomb Intermediate School District

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2023 on our consideration of Macomb Intermediate School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Macomb Intermediate School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Macomb Intermediate School District's internal control over financial reporting and compliance.

*Plante & Moran, PLLC*

October 24, 2023

This section of Macomb Intermediate School District's (the "Intermediate School District") annual financial report presents our discussion and analysis of the Intermediate School District's financial performance during the year ended June 30, 2023. Please read it in conjunction with the Intermediate School District's financial statements, which immediately follow this section.

### ***Using This Annual Report***

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Macomb Intermediate School District financially as a whole. The government-wide financial statements provide information about the activities of the whole Intermediate School District, presenting both an aggregate view of the Intermediate School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term and what remains for future spending. The fund financial statements look at the Intermediate School District's operations in more detail than the government-wide financial statements by providing information about the Intermediate School District's most significant funds - the General Fund, the Special Education Fund, and the General Capital Projects Fund - with all other funds presented in one column as nonmajor funds. The other remaining statements relate to the Intermediate School District's proprietary funds (internal service funds, including the Cooperative Education Fund and Compensated Absence and Self-Insurance Fund, and enterprise funds, including the Student Accounting and Wide Area Network (WAN) funds).

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

#### **Basic Financial Statements**

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

#### **Required Supplementary Information**

Budgetary Information for Major Funds

Schedules of the Intermediate School District's Proportionate Share of the Net Pension and Net OPEB  
Liabilities

Schedules of Pension and OPEB Contributions

#### **Other Supplementary Information**

### ***Reporting the Intermediate School District as a Whole - Government-wide Financial Statements***

One of the most important questions asked about the Intermediate School District is, "As a whole, what is the Intermediate School District's financial condition as a result of the year's activities?" The statement of net position and the statement of activities, which appear first in the Intermediate School District's financial statements, report information on the Intermediate School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenue and expenses are taken into account, regardless of when cash is received or paid.

## Macomb Intermediate School District

### Management's Discussion and Analysis (Continued)

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These two statements report the Intermediate School District's net position - the difference between assets/deferred outflows of resources and liabilities/deferred inflows of resources, as reported in the statement of net position - as one way to measure the Intermediate School District's financial health or financial position. Over time, increases or decreases in the Intermediate School District's net position, as reported in the statement of activities, are indicators of whether its financial health is improving or deteriorating. The relationship between revenue and expenses is the Intermediate School District's operating results. However, the Intermediate School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the Intermediate School District.

The statement of net position and the statement of activities report the governmental and business-type activities for the Intermediate School District, which encompass all of the Intermediate School District's services, including instruction, support services, community services, and interdistrict payments to local districts. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities.

#### ***Reporting the Intermediate School District's Most Significant Funds - Fund Financial Statements***

The Intermediate School District's fund financial statements provide detailed information about the most significant funds, not the Intermediate School District as a whole. Some funds are required to be established by state law. However, the Intermediate School District establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The funds of the Intermediate School District use the following accounting approaches:

#### **Governmental Funds**

The majority of the Intermediate School District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the Intermediate School District and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Intermediate School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in a reconciliation.

#### **Proprietary Funds**

Proprietary fund reporting focuses on the economic resources measurement and an accounting method called full accrual accounting. The proprietary fund statements present a long-term view of operations and the services they provide to other funds.

## Macomb Intermediate School District

### Management's Discussion and Analysis (Continued)

#### *The Intermediate School District as a Whole*

Recall that the statement of net position provides the perspective of the Intermediate School District as a whole. The following table provides a summary of the Intermediate School District's net position as of June 30, 2023 and 2022:

	Governmental Activities		Business-type Activities	
	2023	2022	2023	2022
	(in millions)		(in millions)	
<b>Assets</b>				
Current and other assets	\$ 176.2	\$ 145.3	\$ 10.6	\$ 10.0
Capital assets	50.9	51.0	0.6	0.6
Total assets	227.1	196.3	11.2	10.6
<b>Deferred Outflows of Resources</b>	93.5	44.0	-	-
<b>Liabilities</b>				
Current liabilities	55.5	52.3	-	-
Noncurrent liabilities	4.8	5.4	-	-
Net pension liability	252.5	157.8	-	-
Net OPEB liability	14.3	10.1	-	-
Total liabilities	327.1	225.6	-	-
<b>Deferred Inflows of Resources</b>	51.4	104.1	-	-
<b>Net Position (Deficit)</b>				
Net investment in capital assets	50.9	50.5	-	-
Unrestricted governmental:				
Other	115.8	88.0	-	-
Pension	(198.7)	(191.3)	-	-
OPEB	(25.9)	(36.6)	-	-
Unrestricted - Business type	-	-	11.2	10.6
Total net position (deficit)	<u>\$ (57.9)</u>	<u>\$ (89.4)</u>	<u>\$ 11.2</u>	<u>\$ 10.6</u>

The above analysis focuses on the net position. The change in net position of the Intermediate School District's governmental activities is discussed below. The Intermediate School District's net position of governmental activities was \$(57.9) million at June 30, 2023. Net investment in capital assets totaling \$50.9 million compares the original cost, less depreciation of the Intermediate School District's capital assets, to long-term debt used to finance the acquisition of those assets. Restricted net position is reported separately to show legal constraints associated with the expenditure of special education funds and enabling legislation that limit the Intermediate School District's ability to use the net position for day-to-day operations. The remaining amount of net position, \$(108.9) million, was unrestricted.

As required by the Governmental Accounting Standards Board (GASB), the Intermediate School District adopted GASB Statement Nos. 68 and No. 71. These standards required the inclusion of the Intermediate School District's proportionate share of the Michigan Public School Employees' Retirement System's pension obligation within the Intermediate School District's financial statements, effective July 1, 2014. The effect of the adoption was to decrease the July 1, 2014 beginning net position by approximately \$141.2 million and include the obligation and related deferred inflows and outflows in subsequent financial statements. During the year ended June 30, 2018, the Intermediate School District adopted GASB Statement No. 75. This standard required the inclusion of the Intermediate School District's proportionate share of the Michigan Public School Employees' Retirement System's postemployment benefits other than pensions (OPEB) within the Intermediate School District's financial statements, effective July 1, 2017.



## Macomb Intermediate School District

### Management's Discussion and Analysis (Continued)

The effect of the adoption was to decrease the July 1, 2017 beginning net position by approximately \$60.4 million and include the obligation and related deferred inflows and outflows in subsequent financial statements. All governments participating in the retirement plan were required to adopt these new standards. While this represents a significant amount, the retirement plan itself is substantially funded, and our statutory required contribution is annually budgeted for. In addition, it is our opinion that this unfunded liability should be allocated not just to those entities participating in the retirement plan but rather to any entity receiving state funding, a portion of which is attributable to the retirement plan.

The \$(108.9) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations of \$115.8 million less \$(198.7) million related to the adoption of GASB Statement Nos. 68 and 71 and \$(25.9) million related to the adoption of GASB Statement No. 75. The restricted and unrestricted other net position balances enable the Intermediate School District to meet working capital and cash flow requirements, as well as to provide for future uncertainties. The operating results of the General, Special Education, and General Capital Projects funds will continue to have a significant impact on the change in the unrestricted other net position from year to year.

The results of this year's operations for the Intermediate School District as a whole are reported in the condensed statement of activities below, which shows the changes in net position for the years ended June 30, 2023 and 2022:

	Governmental Activities		Business-type Activities	
	2023	2022	2023	2022
	(in millions)		(in millions)	
<b>Revenue</b>				
Program revenue:				
Charges for services	\$ 0.2	\$ -	\$ 2.6	\$ 2.6
Operating grants	175.0	152.1	-	-
General revenue:				
Taxes	155.2	147.6	-	-
State aid not restricted to specific purposes	9.4	8.7	-	-
Other	9.8	3.1	-	-
<b>Total revenue</b>	<b>349.6</b>	<b>311.5</b>	<b>2.6</b>	<b>2.6</b>
<b>Expenses</b>				
Instruction	51.9	41.7	-	-
Support services	96.0	79.4	-	-
Food services	0.6	0.7	-	-
Community services	1.0	1.0	-	-
Payments to other entities and public schools	165.5	155.6	-	-
Depreciation expense (unallocated)	3.1	3.0	-	-
WAN and student database services expense	-	-	2.0	2.0
<b>Total expenses</b>	<b>318.1</b>	<b>281.4</b>	<b>2.0</b>	<b>2.0</b>
<b>Change in Net Position</b>	<b>31.5</b>	<b>30.1</b>	<b>0.6</b>	<b>0.6</b>
<b>Net Position (Deficit) - Beginning of year</b>	<b>(89.4)</b>	<b>(119.5)</b>	<b>10.6</b>	<b>10.0</b>
<b>Net Position (Deficit) - End of year</b>	<b>\$ (57.9)</b>	<b>\$ (89.4)</b>	<b>\$ 11.2</b>	<b>\$ 10.6</b>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$318.1 million, an increase of \$36.7 million over the prior year. Certain activities were partially funded from those who benefited from the programs or by other governments and organizations that subsidized certain programs with grants and contributions (\$175 million). We paid for the remaining public benefit portion of our governmental activities with \$155.2 million in taxes, \$9.4 million in state aid not restricted for specific purposes, and \$9.8 million in other revenue (i.e., interest and general entitlements).

The governmental activities of the Intermediate School District experienced an increase in net position of \$31.5 million.

## **Macomb Intermediate School District**

### **Management's Discussion and Analysis (Continued)**

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

#### ***Business-type Activities***

Business-type activities unrestricted net position (the part of net position that can be used to finance day-to-day operations) increased slightly. The current level of unrestricted net position stands at \$11.2 million.

#### ***The Intermediate School District's Funds***

As we noted earlier, the Intermediate School District uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the Intermediate School District is being accountable for the resources taxpayers and others provide to it and may provide more insight into the Intermediate School District's overall financial health.

As the Intermediate School District completed this year, the governmental funds reported an increase of approximately \$29.3 million in the combined fund balance from last year. The primary reasons for the increase are as follows:

In the General Fund, fund balance increased by approximately \$1.6 million. The General Fund fund balance is available to fund costs related to allowable operating purposes and will assist in covering any shortfalls or late payments that may occur in the future based on payments from the State of Michigan.

The Special Education Fund reported a net increase in fund balance of approximately \$2.7 million.

The General Capital Projects Fund fund balance increased by approximately \$25.6 million, primarily as a result of transfers of funds into the General Capital Projects Fund (see Note 7).

#### ***General Fund Budgetary Highlights***

Over the course of the year, the Intermediate School District revises its budget as it attempts to deal with unexpected changes in revenue 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 actually adopted just before year end. A schedule showing the Intermediate School District's original and final budget amounts compared with amounts actually paid and received is provided as required supplementary information to these financial statements.

There were revisions made to the 2022-2023 General Fund original budget. Budgeted revenue increased by approximately \$22.4 million primarily due to the addition of certain state and federal grants that were not originally budgeted.

Budgeted expenditures also increased by approximately \$21.8 million to account for the additional expenditures (salaries, support services, and interdistrict transfers) primarily as a result of the increased grant funding.

There were no significant variances between the final budget and actual amounts, other than differences that arose related to grant funds being budgeted at their full amounts (both revenue and expenditures) and the timing differences that arose from the actual grant spending process, along with discretionary transfers between funds.

## Macomb Intermediate School District

### Management's Discussion and Analysis (Continued)

#### **Capital Assets and Debt Administration**

##### **Capital Assets**

As of June 30, 2023, the Intermediate School District (governmental activities) had \$50.9 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This amount represents a net increase of the cost basis of approximately \$1.5 million.

	Governmental Activities		Business-type Activities	
	2023	2022	2023	2022
Land	\$ 8,687,327	\$ 8,687,327	\$ -	\$ -
Construction in progress	309,936	150,002	-	-
Buildings and improvements	50,083,565	49,635,808	-	-
Furniture and equipment	15,629,732	15,449,529	1,265,886	1,128,570
Buses and other vehicles	17,504,163	16,736,512	-	-
Land improvements	5,610,537	5,610,537	-	-
Total capital assets	97,825,260	96,269,715	1,265,886	1,128,570
Less accumulated depreciation	46,959,333	45,220,829	705,639	504,449
Total capital assets - Net of accumulated depreciation	<u>\$ 50,865,927</u>	<u>\$ 51,048,886</u>	<u>\$ 560,247</u>	<u>\$ 624,121</u>

This year's additions of approximately \$3.1 million consisted primarily of buses and other vehicles.

##### **Long-term Obligations**

Long-term obligations include general obligation bonds, accrued severance pay, compensated absences, pension liability, and self-insurance liabilities. We present more detailed information about our long-term liabilities in the notes to the financial statements.

At the end of this year, the Intermediate School District had \$0 in general obligation bonds outstanding, versus \$580,000 in the previous year. Subsequent to year end, during October 2023, the Intermediate School District sold \$97.6 million in general obligation bonds.

The State limits the amount of total debt that intermediate school districts can issue to 1.5 percent of the assessed value of all taxable property within the Intermediate School District's boundaries. Qualified bonds are backed by the State of Michigan and are not subject to this limit; however, none of the Intermediate School District's bonds are qualified.

##### **Economic Factors and Next Year's Budgets**

The Intermediate School District's revenue is heavily dependent on local property taxes and state categorical funding. Michigan's economic recovery from the recent downturn had not kept pace with the recovery experienced by the rest of the nation. In 2022-2023, 14 years later, the property tax revenue was finally slightly greater than it was in 2008-2009. Taxable values have now stabilized and have been growing at an average of 4.5 percent over the last 6 years and are expected to see continued growth in the near term. The actual state categorical revenue we receive will depend on the State's willingness to maintain existing earmarked revenue streams that fund the School Aid Fund and whether the School Aid Fund continues to cover or increases the proportion of funding for community colleges and higher education that have previously been funded by the State's General Fund and whether the State funds intermediate school districts (ISD) similar to all ISDs, local school districts, and public school academies for related categorical funding. On a positive note, the Intermediate School District will continue to benefit from the expansion of existing special education-related state categorical revenue that has occurred in the last several years.

On a positive note, in March 2020, a substantial 10-year countywide enhancement millage was passed. In 2023-2024, over \$66 million will be levied and ultimately distributed to all Macomb County school districts and public school academies on a per pupil basis annually.

## Macomb Intermediate School District

### Management's Discussion and Analysis (Continued)

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The board and administration have reviewed and continue to review all aspects of the operation to address these changes in funding. With that in mind, the fund balances of our major funds have stabilized and are expected to see growth over the next few years.

As noted in the long-term obligation section above, the district issued \$97.5 million of bonds in October 2023. These bond proceeds will be used primarily for the construction of a special education facility, which will occur over the next few years.

The need to service students and provide services to our constituent school districts has expanded significantly in the past several years, particularly in the areas of consultant services, special education, technology, and business services.

To provide the additional services and at the same time maintain fiscal responsibility, the following priorities were established and are actively being worked on:

1. Support schools in responding to school disruption
2. Implement Grow Your Own Program to respond to employee shortages
3. Support schools demonstrating lower student outcomes
4. Offer credit recovery options and summer camps for students who need help in meeting the state graduation requirements
5. Provide summer learning opportunities for students with an IEP who will be entering 1st-9th grade in the fall
6. Support a countywide transition assessment for high school students with special needs
7. Provide career preparation opportunities for students
8. Respond to the needs of Macomb County's expanding diverse population
9. Respond to the impact of Macomb County's decline in student enrollment during the pandemic
10. Assist local districts in the implementation of the Michigan Standards curriculum
11. Provide alternative pathways for student learning
12. Continue to support countywide and innovative and collaborative programs, such as the International Baccalaureate (IB) and the Early College (ECM) programs
13. Continue to increase the capacity of the Great Start Readiness Program
14. Provide Early On Services throughout the county for young children birth to three years of age
15. Offer social emotional/mental health supports
16. Offer school safety support
17. Assist local districts with the multitude of compliance, data submissions, and federal and state regulations
18. Assist districts with the multitude of compliance, data submissions, and federal and state regulations
19. Support local districts in financial stress
20. Maintain the completed countywide fiber optic network, which provides technology support and access to worldwide educational resources
21. Support and maintain PowerSchool, our countywide student management system
22. Support and maintain PowerSchool Special Education (PSSE), the county's special education management system
23. Implement strategies in the MISD School Improvement Plan

## Macomb Intermediate School District

### Management's Discussion and Analysis (Continued)

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24. Continue to support the work of the School Finance Research Collaborative (SFRC)
25. Renovate four existing MISD schools to better service special education students
26. Explore options to accommodate the growing needs of our severally cognitive, severally multiple impaired, and autistic population
27. Explore site improvement options at three of our sites
28. Expand Educational Service Center training rooms and workspace to meet the expanding needs of students and management
29. Maintain our financial strength to ensure we do not have billbacks to local schools for special education students attending center programs through the 2023-2024 school year

Publication of this financial report, prepared by the business office, concludes the financial reporting program for the 2022-2023 fiscal year. It was a challenging and rewarding year for the Intermediate School District, and we would like to commend our dedicated staff for their efforts in providing leadership and services to our 21 constituent districts, 17 academies, and approximately 120,000 students throughout the county.

#### ***Contacting the Intermediate School District's Management***

This financial report is intended to provide our taxpayers, parents, and investors with a general overview of the Intermediate School District's finances and to show the Intermediate School District's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the business office.

## Macomb Intermediate School District

### Statement of Net Position

June 30, 2023

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and investments (Notes 4 and 5)	\$ 137,472,404	\$ 10,602,973	\$ 148,075,377
Receivables:			
Accounts receivable	562,288	-	562,288
Due from other governmental units	35,499,314	-	35,499,314
Inventories	88,635	-	88,635
Prepaid costs	2,591,880	-	2,591,880
Other assets	12,718	-	12,718
Capital assets - Net (Note 7)	50,865,927	560,247	51,426,174
Total assets	227,093,166	11,163,220	238,256,386
<b>Deferred Outflows of Resources</b>			
Deferred pension costs (Note 11)	74,751,462	-	74,751,462
Deferred OPEB costs (Note 11)	18,796,502	-	18,796,502
Total deferred outflows of resources	93,547,964	-	93,547,964
<b>Liabilities</b>			
Accounts payable	2,796,658	-	2,796,658
Due to other governmental units	18,223,975	-	18,223,975
Other accrued liabilities	14,510,056	-	14,510,056
Unearned revenue (Note 6)	20,023,181	-	20,023,181
Noncurrent liabilities:			
Due within one year (Note 9)	2,910,900	-	2,910,900
Due in more than one year (Note 9)	1,879,976	-	1,879,976
Net pension liability (Note 11)	252,477,491	-	252,477,491
Net OPEB liability (Note 11)	14,288,236	-	14,288,236
Total liabilities	327,110,473	-	327,110,473
<b>Deferred Inflows of Resources</b>			
Revenue in support of pension contributions made subsequent to the measurement date (Note 11)	18,282,930	-	18,282,930
Deferred pension cost reductions (Note 11)	2,730,311	-	2,730,311
Deferred OPEB cost reductions (Note 11)	30,406,992	-	30,406,992
Total deferred inflows of resources	51,420,233	-	51,420,233
<b>Net Position (Deficit)</b>			
Net investment in capital assets	50,865,927	-	50,865,927
Restricted - Food service	149,708	-	149,708
Unrestricted	(108,905,211)	11,163,220	(97,741,991)
Total net position (deficit)	\$ (57,889,576)	\$ 11,163,220	\$ (46,726,356)

# Macomb Intermediate School District

## Statement of Activities

Year Ended June 30, 2023

Functions/Programs				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Program Revenue		Primary Government		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:						
Governmental activities:						
Instruction	\$ 51,908,106	\$ -	\$ 15,467,257	\$ (36,440,849)	\$ -	\$ (36,440,849)
Support services	96,033,628	-	91,293,034	(4,740,594)	-	(4,740,594)
Food services	571,370	12,040	529,228	(30,102)	-	(30,102)
Community services	968,993	149,997	-	(818,996)	-	(818,996)
Payments to other entities and public schools	165,473,099	-	67,670,107	(97,802,992)	-	(97,802,992)
Interest	14,983	-	-	(14,983)	-	(14,983)
Depreciation expense (unallocated) (Note 7)	3,132,111	-	-	(3,132,111)	-	(3,132,111)
Total governmental activities	318,102,290	162,037	174,959,626	(142,980,627)	-	(142,980,627)
Business-type activities - WAN and student database services	2,022,836	2,626,365	-	-	603,529	603,529
Total primary government	<b>\$ 320,125,126</b>	<b>\$ 2,788,402</b>	<b>\$ 174,959,626</b>	(142,980,627)	603,529	(142,377,098)
General revenue:						
Taxes:						
Property taxes levied for general purposes				6,416,411	-	6,416,411
Property taxes levied for special education				86,908,233	-	86,908,233
Property taxes levied for enhancement millage				61,908,520	-	61,908,520
State aid not restricted to specific purposes				9,367,825	-	9,367,825
Interest and investment earnings				3,950,020	-	3,950,020
Gain on sale of capital assets				30,280	-	30,280
Other				5,938,272	-	5,938,272
Total general revenue				174,519,561	-	174,519,561
<b>Change in Net Position</b>				31,538,934	603,529	32,142,463
<b>Net Position (Deficit) - Beginning of year</b>				(89,428,510)	10,559,691	(78,868,819)
<b>Net Position (Deficit) - End of year</b>				<b>\$ (57,889,576)</b>	<b>\$ 11,163,220</b>	<b>\$ (46,726,356)</b>

# Macomb Intermediate School District

## Governmental Funds Balance Sheet

June 30, 2023

	General Fund	Special Education Fund	General Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
<b>Assets</b>					
Cash and investments (Notes 4 and 5)	\$ 16,717,031	\$ 28,355,853	\$ 74,133,808	\$ 4,030,913	\$ 123,237,605
Receivables:					
Accounts receivable	220,094	270	-	-	220,364
Due from other governmental units	8,359,493	27,055,102	-	84,719	35,499,314
Due from other funds (Note 8)	-	-	32,801	100,000	132,801
Inventories	24,451	64,184	-	-	88,635
Prepaid costs	633,292	1,869,530	-	14,058	2,516,880
<b>Total assets</b>	<b>\$ 25,954,361</b>	<b>\$ 57,344,939</b>	<b>\$ 74,166,609</b>	<b>\$ 4,229,690</b>	<b>\$ 161,695,599</b>
<b>Liabilities</b>					
Accounts payable	\$ 958,497	\$ 1,729,707	\$ 59,659	\$ 48,795	\$ 2,796,658
Due to other governmental units	7,303,824	10,920,023	-	128	18,223,975
Due to other funds (Note 8)	100,000	32,801	-	-	132,801
Other accrued liabilities	2,062,657	10,052,446	-	49,200	12,164,303
Unearned revenue (Note 6)	7,034,406	12,975,665	-	13,110	20,023,181
<b>Deferred Inflows of Resources - Unavailable revenue (Note 6)</b>	<b>193,078</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>193,078</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>17,652,462</b>	<b>35,710,642</b>	<b>59,659</b>	<b>111,233</b>	<b>53,533,996</b>
<b>Fund Balances</b>					
Nonspendable:					
Inventory	24,451	64,184	-	-	88,635
Prepays	633,292	1,869,530	-	14,058	2,516,880
Restricted:					
Special education	-	19,700,583	-	-	19,700,583
Food service	-	-	-	149,708	149,708
Committed:					
Cooperative activities	-	-	-	3,477,817	3,477,817
Debt service	-	-	-	37,600	37,600
Student activities	-	-	-	439,274	439,274
Assigned - Capital projects	-	-	74,106,950	-	74,106,950
Unassigned	7,644,156	-	-	-	7,644,156
<b>Total fund balances</b>	<b>8,301,899</b>	<b>21,634,297</b>	<b>74,106,950</b>	<b>4,118,457</b>	<b>108,161,603</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 25,954,361</b>	<b>\$ 57,344,939</b>	<b>\$ 74,166,609</b>	<b>\$ 4,229,690</b>	<b>\$ 161,695,599</b>



## Macomb Intermediate School District

### Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2023

<b>Fund Balances Reported in Governmental Funds</b>	<b>\$ 108,161,603</b>
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 are not reported in the funds:	
Cost of capital assets	97,825,260
Accumulated depreciation	<u>(46,959,333)</u>
Net capital assets used in governmental activities	50,865,927
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	193,078
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Net pension liability and related deferred inflows and outflows	(180,456,340)
Net OPEB liability and related deferred inflows and outflows	<u>(25,898,726)</u>
Revenue in support of pension contributions made subsequent to the measurement date is reported as a deferred inflow of resources in the statement of net position and is not reported in the funds	(18,282,930)
Internal service funds are included as part of governmental activities	<u>7,527,812</u>
<b>Net Position (Deficit) of Governmental Activities</b>	<b><u><u>\$ (57,889,576)</u></u></b>

**Macomb Intermediate School District**

**Governmental Funds**

**Statement of Revenue, Expenditures, and Changes in Fund Balances**

**Year Ended June 30, 2023**

	General Fund	Special Education Fund	General Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
<b>Revenue</b>					
Local sources	\$ 70,235,960	\$ 103,388,740	\$ 4,946,127	\$ 689,763	\$ 179,260,590
State sources	40,874,326	81,982,974	-	-	122,857,300
Federal sources	7,255,822	44,224,937	-	585,255	52,066,014
Interdistrict sources	493,250	-	-	2,787,378	3,280,628
Total revenue	118,859,358	229,596,651	4,946,127	4,062,396	357,464,532
<b>Expenditures</b>					
Current:					
Instruction	392,110	51,869,517	-	2,120,910	54,382,537
Support services	27,185,532	73,950,288	501,799	1,644,822	103,282,441
Food services	-	-	-	571,370	571,370
Community services	391,911	603,497	-	-	995,408
Debt service:					
Principal	-	-	-	580,000	580,000
Interest	-	-	-	14,983	14,983
Capital outlay	10,689	2,398,237	710,409	-	3,119,335
Payments to other entities and public schools	95,279,529	69,293,570	-	900,000	165,473,099
Total expenditures	123,259,771	198,115,109	1,212,208	5,832,085	328,419,173
<b>Excess of Revenue (Under) Over Expenditures</b>	(4,400,413)	31,481,542	3,733,919	(1,769,689)	29,045,359
<b>Other Financing Sources (Uses)</b>					
Proceeds from sale of capital assets	-	182,702	-	-	182,702
Transfers in (Note 8)	6,049,011	-	22,900,000	1,000,000	29,949,011
Transfers out (Note 8)	-	(28,949,011)	(1,000,000)	-	(29,949,011)
Total other financing sources (uses)	6,049,011	(28,766,309)	21,900,000	1,000,000	182,702
<b>Net Change in Fund Balances</b>	1,648,598	2,715,233	25,633,919	(769,689)	29,228,061
<b>Fund Balances - Beginning of year</b>	6,653,301	18,919,064	48,473,031	4,888,146	78,933,542
<b>Fund Balances - End of year</b>	<b>\$ 8,301,899</b>	<b>\$ 21,634,297</b>	<b>\$ 74,106,950</b>	<b>\$ 4,118,457</b>	<b>\$ 108,161,603</b>

## Macomb Intermediate School District

### Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities

Year Ended June 30, 2023

<b>Net Change in Fund Balances Reported in Governmental Funds</b>	<b>\$ 29,228,061</b>
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, these costs are allocated over their estimated useful lives as depreciation:	
Capitalized capital outlay	3,101,574
Depreciation expense	(3,132,111)
Net book value of assets disposed of	(152,422)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	30,391
Revenue in support of pension contributions made subsequent to the measurement date	(7,883,979)
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	580,000
Some employee costs (pension and OPEB) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	11,208,599
Internal service funds are included as part of governmental activities	(1,441,179)
<b>Change in Net Position of Governmental Activities</b>	<b><u><u>\$ 31,538,934</u></u></b>

**Macomb Intermediate School District****Proprietary Funds  
Statement of Net Position****June 30, 2023**

	Nonmajor Enterprise Funds			Governmental Activities
	Student Accounting	Wide Area Network	Total	Proprietary - Internal Service
<b>Assets</b>				
Current assets:				
Cash and investments (Notes 4 and 5)	\$ 4,549,000	\$ 6,053,973	\$ 10,602,973	\$ 14,234,799
Account receivable	-	-	-	341,924
Prepaid costs	-	-	-	75,000
Other assets	-	-	-	12,718
Total current assets	4,549,000	6,053,973	10,602,973	14,664,441
Noncurrent assets - Capital assets - Net (Note 7)	246,678	313,569	560,247	-
Total assets	4,795,678	6,367,542	11,163,220	14,664,441
<b>Liabilities</b>				
Current liabilities:				
Other accrued liabilities	-	-	-	2,345,753
Provision for compensated absences and severance pay (Note 9)	-	-	-	1,658,131
Provision for self-insurance (Note 9)	-	-	-	1,252,769
Total current liabilities	-	-	-	5,256,653
Noncurrent liabilities - Provision for compensated absences and severance pay (Note 9)	-	-	-	1,879,976
Total liabilities	-	-	-	7,136,629
<b>Net Position - Unrestricted</b>	<b>\$ 4,795,678</b>	<b>\$ 6,367,542</b>	<b>\$ 11,163,220</b>	<b>\$ 7,527,812</b>

**Macomb Intermediate School District****Proprietary Funds**  
**Statement of Revenue, Expenses, and Changes in Net Position****Year Ended June 30, 2023**

	Nonmajor Enterprise Funds			Governmental Activities
	Student Accounting	Wide Area Network	Total	Proprietary - Internal Service
<b>Operating Revenue</b> - Charges for compensated absences, severance pay, self-insurance costs, WAN services, and student database services	\$ 1,064,538	\$ 1,561,827	\$ 2,626,365	\$ 23,047,358
<b>Operating Expenses</b> - Fringe benefits, purchased services, and supplies and materials	1,109,372	913,464	2,022,836	24,488,537
<b>Change in Net Position</b>	(44,834)	648,363	603,529	(1,441,179)
<b>Net Position</b> - Beginning of year	4,840,512	5,719,179	10,559,691	8,968,991
<b>Net Position</b> - End of year	<u><u>\$ 4,795,678</u></u>	<u><u>\$ 6,367,542</u></u>	<u><u>\$ 11,163,220</u></u>	<u><u>\$ 7,527,812</u></u>

## Macomb Intermediate School District

### Proprietary Funds Statement of Cash Flows

Year Ended June 30, 2023

	Nonmajor Enterprise Funds			Governmental Activities
	Student Accounting	Wide Area Network	Total	Proprietary - Internal Service
<b>Cash Flows from Operating Activities</b>				
Receipts from customers, interfund services, and reimbursements	\$ 1,064,538	\$ 1,561,827	\$ 2,626,365	\$ 22,700,114
Fringe benefits, claims, purchased services, and other amounts paid	(996,269)	(842,557)	(1,838,826)	(24,081,591)
Net cash and investments provided by (used in) operating activities	68,269	719,270	787,539	(1,381,477)
<b>Cash Flows Used in Financing Activities -</b>				
Purchase of capital assets	-	(137,316)	(137,316)	-
<b>Net Increase (Decrease) in Cash and Investments</b>	68,269	581,954	650,223	(1,381,477)
<b>Cash and Investments - Beginning of year</b>	4,480,731	5,472,019	9,952,750	15,616,276
<b>Cash and Investments - End of year</b>	<b>\$ 4,549,000</b>	<b>\$ 6,053,973</b>	<b>\$ 10,602,973</b>	<b>\$ 14,234,799</b>
<b>Reconciliation of Change in Net Position to Net Cash from Operating Activities</b>				
Change in net position	\$ (44,834)	\$ 648,363	\$ 603,529	\$ (1,441,179)
Adjustments to reconcile change in net position to net cash from operating activities:				
Depreciation	113,103	88,087	201,190	-
Changes in assets and liabilities:				
Receivables	-	-	-	(341,924)
Prepaid and other assets	-	3,310	3,310	(5,320)
Accrued and other liabilities	-	(20,490)	(20,490)	440,811
Provision for compensated absences, severance pay, and self-insurance liability	-	-	-	(33,865)
Net cash and investments provided by (used in) operating activities	<b>\$ 68,269</b>	<b>\$ 719,270</b>	<b>\$ 787,539</b>	<b>\$ (1,381,477)</b>

June 30, 2023

### Note 1 - Nature of Business

Macomb Intermediate School District (the "Intermediate School District") is an intermediate school district in the state of Michigan that provides educational services to students and other support to local educational authorities throughout Macomb County, Michigan.

### Note 2 - Significant Accounting Policies

#### *Accounting and Reporting Principles*

The Intermediate School District follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies used by the Intermediate School District:

#### *Reporting Entity*

The Intermediate School District is governed by an elected five-member Board of Education. In accordance with government accounting principles, there are no separate legal entities appropriate to be reported within these financial statements.

#### *Report Presentation*

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue 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. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds, if any, are reported as separate columns in the fund financial statements.

**June 30, 2023****Note 2 - Significant Accounting Policies (Continued)*****Fund Accounting***

The Intermediate School District accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the Intermediate School District to show the particular expenditures for which specific revenue is used. The various funds are aggregated into the following fund types:

**Governmental Funds**

Governmental funds include all activities that provide general governmental services that are not business-type activities. Governmental funds can include the General Fund, special revenue funds, debt service funds, capital projects funds, and permanent funds. The Intermediate School District reports the following funds as major governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Special Education Fund (special revenue fund) is used to account for the proceeds of specific revenue sources that are restricted to expenditures for special education. Revenue sources for the Special Education Fund include property taxes from a special education millage and dedicated grants from state and federal sources. Any net deficit of this fund is the responsibility of the General Fund.
- The General Capital Projects Fund is used to record transactions associated with capital asset acquisition, renovation, or improvement.

Additionally, the Intermediate School District reports the following nonmajor governmental fund types:

- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The special revenue funds maintained by the Intermediate School District are the School Lunch Fund, Collaborative Education Fund, and Student Activities Fund. The School Lunch Fund is used to provide lunch services to students. The Collaborative Education Fund has been established to provide a variety of educational services, including the following: an International Baccalaureate program, which is focused on developing and providing a collaborative countywide program for high-achieving students; an Early College program, which provides a challenging high school curriculum, along with offering college courses through the partnering community college; the Macomb Area Pathways program, which provides support for a middle school alternative program used by local school districts and coordinated by Macomb Intermediate School District's consultant services department; and the MME/School Improvement Program, which is responsible for providing support for specific professional development opportunities, including data analysis for the 28 high schools in Macomb County to improve achievement at this level. Revenue sources for the School Lunch Fund include sales to customers and dedicated grants from state and federal sources. Revenue of the Collaborative Education Fund primarily consists of charges to local districts. Revenue sources for the Student Activities Fund include fundraising revenue and donations earned and received by student groups. Any deficit generated by the special revenue funds is the responsibility of the General Fund.
- The Debt Retirement Fund is a debt service fund that is used to record the accumulation of resources for the payment of interest, principal, and other expenditures on long-term debt.



**June 30, 2023****Note 2 - Significant Accounting Policies (Continued)****Proprietary Funds**

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees) and internal service funds (which provide goods or services to other funds of the Intermediate School District). The Intermediate School District reports the following enterprise and internal service funds:

- The Compensated Absence and Self-Insurance Fund (internal service fund) is used to account for the financing of employee compensated absences, severance pay, and self-insurance provided to other funds on a cost-reimbursement basis.
- The Cooperative Education Fund (internal service fund) is used to account for revenue and expenses associated with billing and collecting summer property taxes for the Intermediate School District, certain constituent local school districts, Macomb Community College, and the State of Michigan. Charges to the local school districts are made on a per parcel basis to support the activities of the fund.
- The Wide Area Network Fund and Student Accounting Fund (enterprise funds) are used to account for revenue and expenses associated with maintenance and operation of wide-area network and student accounting database, respectively, for the benefit of local school districts in Macomb County. Charges to the local school districts are made on a per pupil basis. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

**Interfund Activity**

During the course of operations, the Intermediate School District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

**Basis of Accounting**

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the Intermediate School District has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

**June 30, 2023****Note 2 - Significant Accounting Policies (Continued)**

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the Intermediate School District considers amounts collected within 60 days of year end to be available for recognition. Revenue not meeting this definition is classified as a deferred inflow of resources.

Proprietary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

***Specific Balances and Transactions*****Cash and Investments**

Cash and investments include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value except for certain investment pools that are valued at either amortized cost (MILAF Cash Management Class) or net asset value (MILAF TERM).

**Inventories and Prepaid Items**

Inventories are valued at cost on a first-in, first-out basis. Inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements, when applicable.

**Capital Assets**

Capital assets, which include land and land improvements, buildings, furniture and equipment, and vehicles, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Intermediate School District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

	Depreciable Life - Years
Land improvements	20
Buildings and improvements	20 to 50
Buses and other vehicles	5 to 7
Furniture and equipment	5 to 10

**Long-term Obligations**

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then.

**June 30, 2023****Note 2 - Significant Accounting Policies (Continued)**

The Intermediate School District reports deferred outflows related to deferred pension and OPEB costs.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

The Intermediate School District reports deferred inflows related to revenue in support of pension contributions made subsequent to the measurement date and deferred pension and OPEB plan cost reductions as well as unavailable revenue (revenue not collected within the period of availability).

**Net Position**

Net position of the Intermediate School District is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component, when applicable, of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

**Net Position Flow Assumption**

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

**Fund Balance Flow Assumptions**

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

**Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. The Intermediate School District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Intermediate School District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the Intermediate School District that can, by passing a resolution prior to the end of the fiscal year, commit fund balance. Once passed, the limitation imposed by the resolution remains in place until a similar action is taken (the passing of another resolution) to remove or revise the limitation.

**June 30, 2023****Note 2 - Significant Accounting Policies (Continued)**

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board of Education may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally exist only temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential either to remove or revise a commitment.

**Property Tax Revenue**

Properties are assessed as of December 31, and the related property taxes become a lien on July 1 of the following year. Tax collections are forwarded to the Intermediate School District as collected by the assessing municipalities through March 1, at which time they are considered delinquent and added to county tax rolls. Any delinquent taxes collected by the county are remitted to the Intermediate School District by June 30. The Intermediate School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

**Grants and Contributions**

The Intermediate School District receives federal, state, and local grants, as well as contributions from individuals and private organizations. Revenue from grants and contributions (including contributions of capital assets) is recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenue. Amounts restricted to capital acquisitions are reported after nonoperating revenue and expenses.

**Pension and Other Postemployment Benefit (OPEB) Plans**

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

**Compensated Absences**

The liability for compensated absences reported in the proprietary fund statements consists of earned but unused accumulated vacation and severance pay benefits. A liability for these amounts is reported in the internal service funds as it is earned. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments at normal retirement age and other employees who are expected to become eligible in the future to receive such payments upon normal retirement are included.

**June 30, 2023****Note 2 - Significant Accounting Policies (Continued)****Proprietary Funds Operating Classification**

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of proprietary funds is charges to customers for sales or services. Operating expenses for these funds include the cost of sales or services and administrative expenses and may include depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

**Upcoming Accounting Pronouncement**

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the Intermediate School District's financial statements for the year ending June 30, 2025.

**Subsequent Events**

The financial statements and related disclosures include evaluation of events up through and including October 24, 2023, which is the date the financial statements were available to be issued.

During October 2023, the Intermediate School District sold \$97.6 million in general obligation bonds. The proceeds are limited for use on specific capital projects. Annual principal payments range from approximately \$185 thousand to \$7.9 million, and the final payment is due in May 2044. The average interest rate on the bond is 5 percent. The bonds will be repaid using the annual proceeds from a voter-approved tax levy.

**Note 3 - Stewardship, Compliance, and Accountability****Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund and all special revenue funds with the following exceptions: operating transfers have been included in the revenue and expenditures categories rather than as other financing sources (uses), capital outlay is budgeted in other expenditure categories, payments to another public school district for services rendered have been budgeted in support service expenditures rather than transfers and other and community service expenditures have been budgeted for as support service expenditures. All annual appropriations lapse at fiscal year end. The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the Intermediate School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner.

**June 30, 2023****Note 3 - Stewardship, Compliance, and Accountability (Continued)**

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders and contracts) are tracked periodically during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

***Excess of Expenditures Over Appropriations in Budgeted Funds***

During the year, the Intermediate School District did not incur any significant expenditures that were in excess of the budgeted amounts.

**Note 4 - Deposits and Investments**

State statutes and the Intermediate School District's investment policy authorize the Intermediate School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The Intermediate School District is allowed to invest in U.S. Treasury or agency obligations, U.S. government repurchase agreements, bankers' acceptances, certificates of deposit, commercial paper rated prime at the time of purchase that matures no more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The Intermediate School District's deposits and investments are in accordance with statutory authority.

The Intermediate School District has designated six banks and credit unions for the deposit of its funds.

There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost.

The Intermediate School District's cash and investments are subject to several types of risk, which are examined in more detail below:

***Custodial Credit Risk of Bank Deposits***

Custodial credit risk is the risk that, in the event of a bank failure, the Intermediate School District's deposits may not be returned to it. The Intermediate School District does not have a deposit policy for custodial credit risk. At year end, the Intermediate School District had bank deposits of \$57,664,460 (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The Intermediate School District believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

***Custodial Credit Risk of Investments***

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Intermediate School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Intermediate School District does not have a policy for custodial credit risk. At June 30, 2023, the Intermediate School District does not have investments with custodial credit risk.

***Interest Rate Risk***

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Intermediate School District's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity. The Intermediate School District's investment in the MILAF TERM investment pool has a weighted-average maturity of 84 days after June 30, 2023.



June 30, 2023

**Note 4 - Deposits and Investments (Continued)*****Credit Risk***

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Intermediate School District has no investment policy that would further limit its investment choices. As of June 30, 2023, the credit quality ratings of investments (other than the U.S. government) are as follows:

Investment	Carrying Value	Rating	Rating Organization
MILAF-Cash Management Class	\$ 8,370	AAAm	S&P
MILAF-Term Series	50,990,492	AAAf	Fitch

***Concentration of Credit Risk***

The Intermediate School District places no limit on the amount the Intermediate School District may invest in any one issuer. The Intermediate School District's investment policy minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. At June 30, 2023, the Intermediate School District had investments in MILAF Term Series that exceed 5 percent of total investments.

***Foreign Currency Risk***

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. State law and the Intermediate School District's investment policy prohibit investments in foreign currency.

**Note 5 - Fair Value Measurements**

The Intermediate School 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 assets. Level 1 inputs are quoted prices in active markets for identical assets and liabilities, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Intermediate School District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

***Investments in Entities that Calculate Net Asset Value per Share***

The Intermediate School District holds shares in the Michigan Liquid Asset Fund Term Series where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

**June 30, 2023**

**Note 5 - Fair Value Measurements (Continued)**

As of June 30, 2023, net asset value of the Intermediate School District's investment in the MILAF Term Series was \$50,990,492. The investment pool had no unfunded commitments or limitations or restrictions on redemptions upon maturity of the term.

The valuation method for the Michigan Liquid Asset Fund Term investment portfolio measured at net asset value (NAV) per share (or its equivalent) is principally based on the use of prices that are quoted in active markets for the respective securities. The Michigan Liquid Asset Fund Term investment portfolio invests in U.S. Treasury obligations, federal agency obligations of the U.S. government or obligations of the State of Michigan, high-grade commercial paper (rated prime at the time of purchase or better), U.S. government or federal agency obligation repurchase agreements, and approved money market funds. The portfolio is designed to provide a fixed rate, fixed term investment with a minimum maturity of 60 days and a maximum maturity of one year.

**Note 6 - Unavailable/Unearned Revenue**

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue in connection with resources that have been received but not yet earned.

At June 30, 2023, the various components of unearned and unavailable revenue were as follows:

	Governmental Funds	
	Deferred Inflow - Unavailable	Liability - Unearned
Charges for services	\$ 193,078	\$ -
Grant and categorical aid payment received prior to meeting all eligibility requirements	-	20,023,181



**June 30, 2023**

**Note 7 - Capital Assets**

Capital asset activity of the Intermediate School District's governmental and business-type activities was as follows:

**Governmental Activities**

	Balance July 1, 2022	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2023
Capital assets not being depreciated:					
Land	\$ 8,687,327	\$ -	\$ -	\$ -	\$ 8,687,327
Construction in progress	150,002	-	159,934	-	309,936
Subtotal	8,837,329	-	159,934	-	8,997,263
Capital assets being depreciated:					
Buildings and improvements	49,635,808	-	447,757	-	50,083,565
Furniture and equipment	15,449,529	-	180,203	-	15,629,732
Buses and other vehicles	16,736,512	-	2,313,680	(1,546,029)	17,504,163
Land improvements	5,610,537	-	-	-	5,610,537
Subtotal	87,432,386	-	2,941,640	(1,546,029)	88,827,997
Accumulated depreciation:					
Buildings and improvements	21,931,061	-	751,868	-	22,682,929
Furniture and equipment	12,112,878	-	367,627	-	12,480,505
Buses and other vehicles	10,295,718	-	1,735,067	(1,393,607)	10,637,178
Land improvements	881,172	-	277,549	-	1,158,721
Subtotal	45,220,829	-	3,132,111	(1,393,607)	46,959,333
Net capital assets being depreciated	42,211,557	-	(190,471)	(152,422)	41,868,664
Net governmental activities capital assets	<u>\$ 51,048,886</u>	<u>\$ -</u>	<u>\$ (30,537)</u>	<u>\$ (152,422)</u>	<u>\$ 50,865,927</u>

**June 30, 2023**

**Note 7 - Capital Assets (Continued)**

***Business-type Activities***

	Balance July 1, 2022	Additions	Disposals and Adjustments	Balance June 30, 2023
Capital assets being depreciated - Furniture and equipment	\$ 1,128,570	\$ 137,316	\$ -	\$ 1,265,886
Accumulated depreciation - Furniture and equipment	504,449	201,190	-	705,639
Net business-type activities capital assets	<u>\$ 624,121</u>	<u>\$ (63,874)</u>	<u>\$ -</u>	<u>\$ 560,247</u>

Depreciation expense was not charged to activities, as the Intermediate School District's assets benefit multiple activities, and allocation is not practical.

At June 30, 2023, the Intermediate School District had capital commitments of approximately \$2,000,000 related to school buses.

**Note 8 - Interfund Receivables, Payables, and Transfers**

Interfund balances at June 30, 2023 are made up of \$100,000 owed to the Collaborative Education Fund from the General Fund and \$32,801 owed to the General Capital Projects Fund from the Special Education Fund, which result from a time lag between the dates the reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Transfers into the General Fund primarily represent amounts received from the Special Education Fund for indirect costs of \$6,049,011. The General Capital Projects Fund received \$22,900,000 from the Special Education Fund for future capital purchases for the special education program. The Collaborative Education Fund received \$1,000,000 from the Capital Projects Fund as additional support to the International Baccalaureate program.

**Note 9 - Long-term Obligations**

Long-term obligation activity for the year ended June 30, 2023 can be summarized as follows:

***Governmental Activities***

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable - Other debt	\$ 580,000	\$ -	\$ (580,000)	\$ -	\$ -
Severance pay	1,805,440	577,239	(713,837)	1,668,842	713,837
Compensated absences	1,679,493	1,134,066	(944,294)	1,869,265	944,294
Self-insurance	1,339,808	18,053,864	(18,140,903)	1,252,769	1,252,769
Total governmental activities long-term debt	<u>\$ 5,404,741</u>	<u>\$ 19,765,169</u>	<u>\$ (20,379,034)</u>	<u>\$ 4,790,876</u>	<u>\$ 2,910,900</u>

***General Obligation Bonds and Contracts***

The Intermediate School District issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Intermediate School District. The 2018 school building and site bond was paid off as of June 30, 2023.

**June 30, 2023**

**Note 10 - Risk Management**

The Intermediate School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Intermediate School District has purchased commercial insurance for certain medical benefits provided to employees; errors and omissions; boiler and machinery; and school secretary, treasurer, and attendance officer bond claims. The Intermediate School District participates in the MASB/SEG risk pool for claims relating to all risks related to property and liability coverage on owned buildings and contents, umbrella liability, bus and auto fleet, travel accident, workers' disability, and other miscellaneous coverage. The Intermediate School District is partially insured for health benefits provided to certain employee groups. 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 Intermediate School District participates operates as a common risk-sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The Intermediate School District estimates the liability for medical claims that have been incurred through the end of the fiscal year, including claims that have been reported and those that have not yet been reported. These estimates are included in the Internal Service Fund. Changes in the estimated liability for the past two fiscal years were as follows:

	2023	2022
Estimated liability - Beginning of year	\$ 1,339,808	\$ 1,979,061
Estimated claims incurred, including changes in estimates	18,053,864	15,955,168
Claim payments	<u>(18,140,903)</u>	<u>(16,594,421)</u>
Estimated liability - End of year	<u>\$ 1,252,769</u>	<u>\$ 1,339,808</u>

**Note 11 - Michigan Public School Employees' Retirement System**

***Plan Description***

The Intermediate School District participates in the Michigan Public School Employees' Retirement System (the "System"), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the Intermediate School District. Certain intermediate school district employees also receive defined contribution retirement and health care benefits through the System. The System provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The System also provides postemployment health care benefits to retirees and beneficiaries who elect to receive those benefits.

The System is administered by the Office of Retirement Services (ORS). The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the pension and postemployment health care plans. That report is available on the web at <http://www.michigan.gov/orsschools>.

***Benefits Provided***

Benefit provisions of the defined benefit (DB) pension plan and the postemployment health care 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 pension plan and the postemployment health care plan.

**June 30, 2023****Note 11 - Michigan Public School Employees' Retirement System (Continued)**

Depending on the plan option selected, member retirement benefits are calculated as final average compensation times years of services times a pension factor ranging from 1.25 percent to 1.50 percent. The requirements to retire range from attaining the age of 46 to 60 with years of service ranging from 5 to 30 years, depending on when the employee became a member. Early retirement is computed in the same manner as a regular pension but is permanently reduced by 0.50 percent for each full and partial month between the pension effective date and the date the member will attain age 60. There is no mandatory retirement age.

Depending on the member's date of hire, MPSERS offers the option of participating in the defined contribution (DC) plan that provides a 50 percent employer match (up to 3 percent of salary) on employee contributions.

Members are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The disability benefits plus authorized outside earnings are limited to 100 percent of the participant's final average compensation, with an increase of 2 percent each year thereafter.

Benefits may transfer to a beneficiary upon death and are determined in the same manner as retirement benefits but with an actuarial reduction.

Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent. Some members who do not receive an annual increase are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions.

MPSERS provides medical, prescription drug, dental, and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by MPSERS, with the balance deducted from the monthly pension of each retiree health care recipient. Depending on the member's date of hire, this subsidized portion ranges from 80 percent to the maximum allowed by the statute.

**Contributions**

Public Act 300 of 1980, as amended, required the Intermediate School District to contribute amounts necessary to finance the coverage of pension benefits of active and retired members. Contribution provisions are specified by state statute and may be amended only by action of the state Legislature. Under these provisions, each school district's contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

Under the OPEB plan, retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent, or 20 percent for those not Medicare eligible, of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits. Participating employers are required to contribute at that rate.

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

**June 30, 2023**

**Note 11 - Michigan Public School Employees' Retirement System (Continued)**

The Intermediate School District's contributions are determined based on employee elections. There are multiple different pension and health care benefit options included in the plan available to employees based on date of hire and the elections available at that time. Contribution rates are adjusted annually by the ORS.

The ranges of rates are as follows:

	Pension	OPEB
October 1, 2021 - September 30, 2022	13.73% - 20.14%	7.23% - 8.09%
October 1, 2022 - September 30, 2023	13.75% - 20.16%	7.21% - 8.07%

Depending on the plan selected, member pension contributions range from 0 percent up to 7.0 percent of gross wages. For certain plan members, a 4 percent employer contribution to the defined contribution pension plan is required. In addition, for certain plan members, a 3 percent employer match is provided to the defined contribution pension plan.

The Intermediate School District's required and actual pension contributions to the plan for the year ended June 30, 2023 were \$30,780,423, which includes the Intermediate School District's contributions required for those members with a defined contribution benefit. For the year ended June 30, 2023, the Intermediate School District's required and actual pension contributions include an allocation of \$11,554,012 in revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate, as well as \$6,728,918 of a one-time state payment received and remitted to the System for the purpose of contributing additional assets to the System.

The Intermediate School District's required and actual OPEB contributions to the plan for the year ended June 30, 2023 were \$5,580,335, which includes the Intermediate School District's contributions required for those members with a defined contribution benefit.

***Net Pension Liability***

At June 30, 2023, the Intermediate School District reported a liability of \$252,477,491 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2021, which used update procedures to roll forward the estimated liability to September 30, 2022. The Intermediate School District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2022 and 2021, the Intermediate School District's proportion was 0.67 percent.

***Net OPEB Liability***

At June 30, 2023, the Intermediate School District reported a liability of \$14,288,236 for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2023 was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2021, which used update procedures to roll forward the estimated liability to September 30, 2022. The Intermediate School District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2022 and 2021, the Intermediate School District's proportion was approximately 0.67 and 0.66 percent, respectively, representing a change of approximately 2.26 percent.

**June 30, 2023**

**Note 11 - Michigan Public School Employees' Retirement System (Continued)**

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

For 2023, the Intermediate School District recognized pension expense of \$30,187,111, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2023, the Intermediate School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,525,656	\$ (564,513)
Changes in assumptions	43,384,680	-
Net difference between projected and actual earnings on pension plan investments	592,060	-
Changes in proportion and differences between the Intermediate School District's contributions and proportionate share of contributions	1,087,602	(2,165,798)
The Intermediate School District's contributions to the plan subsequent to the measurement date	27,161,464	-
Total	<u>\$ 74,751,462</u>	<u>\$ (2,730,311)</u>

The \$18,282,930 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ending June 30, 2024. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2024	\$ 12,587,318
2025	9,361,399
2026	8,330,574
2027	14,580,396
Total	<u>\$ 44,859,687</u>

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year.

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

For the year ended June 30, 2023, the Intermediate School District recognized an OPEB recovery of \$5,608,124.

**June 30, 2023**

**Note 11 - Michigan Public School Employees' Retirement System (Continued)**

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (27,985,181)
Changes in assumptions	12,735,563	(1,037,002)
Net difference between projected and actual earnings on OPEB plan investments	1,116,738	-
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	1,085,378	(1,384,809)
Employer contributions to the plan subsequent to the measurement date	3,858,823	-
Total	<u>\$ 18,796,502</u>	<u>\$ (30,406,992)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will reduce the net OPEB liability and, therefore, will not be included in future OPEB expense):

Years Ending	Amount
2024	\$ (5,489,465)
2025	(4,944,428)
2026	(4,389,032)
2027	(488,003)
2028	(185,304)
Thereafter	26,919
Total	<u>\$ (15,469,313)</u>

**Actuarial Assumptions**

The total pension liability and total OPEB liability as of September 30, 2022 are based on the results of an actuarial valuation as of September 30, 2021 and rolled forward. The total pension liability and OPEB liability were determined using the following actuarial assumptions:

Actuarial cost method		Entry age normal
Investment rate of return - Pension	6.00%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.00%	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55%	Including wage inflation of 2.75%
Health care cost trend rate - OPEB	5.25% - 7.75%	Year 1 graded to 3.5% in year 15, 3.0% in year 120
Mortality basis		RP-2014 Male and Female Employee Annuity Mortality tables, scaled 100% (retirees: 82% for males and 78% for females) and adjusted for mortality improvements using projection scale MP-2017 from 2006
Cost of living pension adjustments	3.00%	Annual noncompounded for MIP members

Assumption changes as a result of an experience study for the periods from 2012 to 2017 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2018 valuation.



June 30, 2023

**Note 11 - Michigan Public School Employees' Retirement System (Continued)**

Significant assumption changes since the prior measurement date, September 30, 2021, for the OPEB plan include a decrease in the discount rate used in the September 30, 2022 measurement date by 0.80 percentage points in the pension plan and 0.95 percentage points in the OPEB plan. The investment rate of return used in the September 30, 2022 measurement date decreased by 0.80 percentage points in the pension plan 0.95 percentage points in the OPEB plan. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2021.

**Discount Rate**

The discount rate used to measure the total pension and OPEB liability was 6.00 percent as of September 30, 2022. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that district contributions will be made at statutorily required rates.

Based on those assumptions, the pension plan's fiduciary net position and the OPEB plan's fiduciary net position were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension liability and total OPEB liability.

The long-term expected rate of return on pension plan 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 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	25.00 %	5.10 %
Private equity pools	16.00	8.70
International equity pools	15.00	6.70
Fixed-income pools	13.00	(0.20)
Real estate and infrastructure pools	10.00	5.30
Absolute return pools	9.00	2.70
Real return/opportunistic pools	10.00	5.80
Short-term investment pools	2.00	(0.50)
Total	100.00 %	

Long-term rates of return are net of administrative expense and inflation of 2.2 percent.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the Intermediate School District, calculated using the discount rate depending on the plan option. The following also reflects what the Intermediate School District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net pension liability of the Intermediate School District \$	333,176,491	252,477,491	185,977,879



**June 30, 2023**

**Note 11 - Michigan Public School Employees' Retirement System (Continued)**

***Sensitivity of the Net OPEB Liability to Changes in the Discount Rate***

The following presents the net OPEB liability of the Intermediate School District, calculated using the current discount rate. It also reflects what the Intermediate School District's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net OPEB liability of the Intermediate School District	\$ 23,967,142	\$ 14,288,236	\$ 6,137,397

***Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate***

The following presents the net OPEB liability of the Intermediate School District, calculated using the current health care cost trend rate. It also reflects what the Intermediate School District's net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease	Current Rate	1 Percentage Point Increase
Net OPEB liability of the Intermediate School District	\$ 5,983,230	\$ 14,288,236	\$ 23,610,770

***Pension Plan and OPEB Plan Fiduciary Net Position***

Detailed information about the plan's fiduciary net position is available in the separately issued MPSERS financial report.

***Payable to the Pension Plan and OPEB Plan***

At June 30, 2023, the Intermediate School District reported a payable of \$4,364,351 and \$451,437 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2023.

**Note 12 - Tax Abatements**

The Intermediate School District receives reduced property tax revenue as a result of industrial facilities tax exemptions (PA 198 of 1974) granted by cities, villages, and townships within the boundaries of the Intermediate School District. Industrial facility exemptions are intended to promote construction of new industrial facilities or to rehabilitate historical facilities.

For the fiscal year ended June 30, 2023, the Intermediate School District's property tax revenue was reduced by approximately \$2,015,000 under these programs.

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## Required Supplementary Information

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**Macomb Intermediate School District****Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund****Year Ended June 30, 2023**

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
<b>Revenue</b>				
Local sources	\$ 68,144,890	\$ 74,277,284	\$ 70,235,960	\$ (4,041,324)
State sources	34,632,100	43,458,032	40,874,326	(2,583,706)
Federal sources	1,777,300	9,264,781	7,255,822	(2,008,959)
Transfers and modifications	6,425,000	6,425,000	6,542,261	117,261
Total revenue	110,979,290	133,425,097	124,908,369	(8,516,728)
<b>Expenditures</b>				
Current:				
Instruction:				
Basic	-	3,004,649	52,404	(2,952,245)
Added needs	364,320	394,450	339,706	(54,744)
Total instruction	364,320	3,399,099	392,110	(3,006,989)
Support services:				
Pupil	570,582	2,541,227	2,520,687	(20,540)
Instructional staff	10,608,454	15,183,267	11,293,809	(3,889,458)
Business/Administration	4,161,581	4,286,421	4,298,312	11,891
Operations and maintenance	2,563,000	2,904,000	2,914,147	10,147
Central	6,943,861	9,006,519	8,349,332	(657,187)
Transfers and other	85,060,492	94,731,716	93,491,374	(1,240,342)
Total expenditures	110,272,290	132,052,249	123,259,771	(8,792,478)
<b>Net Change in Fund Balance</b>	707,000	1,372,848	1,648,598	275,750
<b>Fund Balance - Beginning of year</b>	6,653,301	6,653,301	6,653,301	-
<b>Fund Balance - End of year</b>	<b>\$ 7,360,301</b>	<b>\$ 8,026,149</b>	<b>\$ 8,301,899</b>	<b>\$ 275,750</b>

**Macomb Intermediate School District****Required Supplementary Information  
Budgetary Comparison Schedule  
Special Education Fund****Year Ended June 30, 2023**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Revenue</b>				
Local sources	\$ 97,818,200	\$ 103,242,602	\$ 103,388,740	\$ 146,138
State sources	70,984,494	86,530,258	81,982,974	(4,547,284)
Federal sources	39,900,800	49,629,005	44,224,937	(5,404,068)
Transfers and modifications	120,000	154,000	182,702	28,702
Total revenue	208,823,494	239,555,865	229,779,353	(9,776,512)
<b>Expenditures</b>				
Current:				
Instruction - Added needs	47,271,200	52,677,261	51,978,210	(699,051)
Support services:				
Pupil	32,275,975	35,321,197	32,131,825	(3,189,372)
Instructional staff	10,543,713	15,581,364	10,028,373	(5,552,991)
Business/Administration	5,438,000	5,286,000	5,434,228	148,228
Operations and maintenance	6,376,000	6,996,321	7,363,565	367,244
Transportation	23,399,000	26,220,000	25,780,550	(439,450)
Central	953,576	2,096,658	873,785	(1,222,873)
Transfers and other	79,455,030	93,887,864	93,473,584	(414,280)
Total expenditures	205,712,494	238,066,665	227,064,120	(11,002,545)
<b>Net Change in Fund Balance</b>	3,111,000	1,489,200	2,715,233	1,226,033
<b>Fund Balance - Beginning of year</b>	18,919,064	18,919,064	18,919,064	-
<b>Fund Balance - End of year</b>	<u><u>\$ 22,030,064</u></u>	<u><u>\$ 20,408,264</u></u>	<u><u>\$ 21,634,297</u></u>	<u><u>\$ 1,226,033</u></u>

## Macomb Intermediate School District

### Required Supplementary Information

#### Schedule of the Intermediate School District's Proportionate Share of the Net Pension Liability Michigan Public School Employees' Retirement System

	<b>Last Nine Plan Years</b>								
	<b>Plan Years Ended September 30</b>								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Intermediate School District's proportion of the net pension liability	0.67133 %	0.66656 %	0.67491 %	0.67669 %	0.68215 %	0.67612 %	0.65887 %	0.65636 %	0.63461 %
Intermediate School District's proportionate share of the net pension liability	\$ 252,477,491	\$ 157,811,833	\$ 231,840,369	\$ 224,098,583	\$ 205,067,302	\$ 175,212,414	\$ 164,383,906	\$ 160,314,963	\$ 139,783,440
Intermediate School District's covered payroll	\$ 65,582,195	\$ 59,623,005	\$ 60,167,683	\$ 58,948,323	\$ 58,219,107	\$ 57,226,108	\$ 55,595,505	\$ 54,722,474	\$ 53,959,652
Intermediate School District's proportionate share of the net pension liability as a percentage of its covered payroll	384.98 %	264.68 %	385.32 %	380.16 %	352.23 %	306.18 %	295.68 %	292.96 %	259.05 %
Plan fiduciary net position as a percentage of total pension liability	60.77 %	72.32 %	59.49 %	62.12 %	62.12 %	63.96 %	63.01 %	62.92 %	66.15 %

## Macomb Intermediate School District

### Required Supplementary Information Schedule of Pension Contributions Michigan Public School Employees' Retirement System

	Last Nine Fiscal Years Years Ended June 30								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 30,117,660	\$ 21,588,719	\$ 19,740,134	\$ 17,982,262	\$ 17,647,201	\$ 17,025,079	\$ 16,026,681	\$ 15,319,143	\$ 11,830,906
Contributions in relation to the statutorily required contribution	30,117,660	21,588,719	19,740,134	17,982,262	17,647,201	17,025,079	16,026,681	15,319,143	11,830,906
<b>Contribution Deficiency</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Intermediate School District's Covered Payroll</b>	\$ 66,294,335	\$ 62,345,085	\$ 59,234,475	\$ 59,865,334	\$ 58,450,986	\$ 57,376,969	\$ 59,219,121	\$ 55,156,847	\$ 54,590,261
<b>Contributions as a Percentage of Covered Payroll</b>	45.43 %	34.63 %	33.33 %	30.04 %	30.19 %	29.67 %	27.06 %	27.77 %	21.67 %

## Macomb Intermediate School District

### Required Supplementary Information Schedule of the Intermediate School District's Proportionate Share of the Net OPEB Liability Michigan Public School Employees' Retirement System

	Last Six Plan Years					
	Plan Years Ended September 30					
	2022	2021	2020	2019	2018	2017
Intermediate School District's proportion of the net OPEB liability	0.67459 %	0.65965 %	0.67844 %	0.67402 %	0.68387 %	0.67471 %
Intermediate School District's proportionate share of the net OPEB liability	\$ 14,288,236	\$ 10,068,771	\$ 36,346,070	\$ 48,379,444	\$ 54,360,114	\$ 59,748,507
Intermediate School District's covered payroll	\$ 65,582,195	\$ 59,623,005	\$ 60,167,683	\$ 58,948,323	\$ 58,219,107	\$ 57,226,108
Intermediate School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	21.79 %	16.89 %	60.41 %	82.07 %	93.37 %	104.41 %
Plan fiduciary net position as a percentage of total OPEB liability	83.09 %	88.87 %	59.76 %	48.67 %	43.10 %	36.53 %

**Macomb Intermediate School District**

Required Supplementary Information  
Schedule of OPEB Contributions  
Michigan Public School Employees' Retirement System

	Last Six Fiscal Years Years Ended June 30					
	2023	2022	2021	2020	2019	2018
Statutorily required contribution	\$ 5,148,411	\$ 4,920,760	\$ 4,850,844	\$ 4,744,444	\$ 4,560,623	\$ 4,122,189
Contributions in relation to the statutorily required contribution	5,148,411	4,920,760	4,850,844	4,744,444	4,560,623	4,122,189
<b>Contribution Deficiency</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Intermediate School District's Covered Payroll</b>	<b>\$ 66,294,335</b>	<b>\$ 62,345,085</b>	<b>\$ 59,234,475</b>	<b>\$ 59,865,334</b>	<b>\$ 58,450,986</b>	<b>\$ 57,376,969</b>
<b>Contributions as a Percentage of Covered Payroll</b>	7.77 %	7.89 %	8.19 %	7.93 %	7.80 %	7.18 %



June 30, 2023

#### ***Pension Information***

Ultimately, 10 years of data will be presented in both of the pension-related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became applicable.

The required contributions for the year ended June 30, 2023 include a one-time contribution of \$6,728,918, referred to as 147c(2), related to funding received from the State and remitted to the System for the purpose of contributing additional assets to the System.

#### **Benefit Change**

There were no changes of benefit terms for each of the reported plan years ended September 30.

#### **Changes in Assumptions**

There were no significant changes of assumptions for each of the reported plan years ended September 30 except for the following:

- 2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.80 percentage points.
- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.25 percentage points.
- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.45 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017.
- 2017 - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50 percentage points.

#### ***OPEB Information***

Ultimately, 10 years of data will be presented in both of the OPEB-related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became applicable.

#### **Benefit Changes**

There were no changes of benefit terms for each of the reported plan years ended September 30.

#### **Changes in Assumptions**

There were no significant changes of assumptions for each of the reported plan years ended September 30 except for the following:

- 2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.95 percentage points. This resulted in a lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.1 billion in 2022.
- 2021 - The health care cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75 percentage points for members under 65 and decreased by 1.75 percentage points for members over 65. In addition, actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by \$1.3 billion in 2021.
- 2020 - The health care cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50 percentage points. This, in addition to the actual per person health benefit costs being lower than projected, reduced the plan's total OPEB liability by an additional \$1.8 billion in 2020.

## Macomb Intermediate School District

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### Notes to Required Supplementary Information (Continued)

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**June 30, 2023**

- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. This resulted in a lower than projected per person health benefit cost to reduce the plan's total OPEB liability by an additional \$1.4 billion in 2019.

- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. This resulted in a lower than projected per person health benefit cost to reduce the plan's total OPEB liability by \$1.4 billion in 2018.

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## Other Supplementary Information

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**Macomb Intermediate School District****Other Supplementary Information  
Combining Balance Sheet  
Nonmajor Governmental Funds****June 30, 2023**

	Special Revenue Funds				Debt Service Fund	Total
	School Lunch Fund	Collaborative Education Fund	Student Activities Fund	Total Special Revenue Funds	Debt Retirement Fund	
<b>Assets</b>						
Cash and investments	\$ 78,227	\$ 3,475,812	\$ 439,274	\$ 3,993,313	\$ 37,600	\$ 4,030,913
Receivables - Due from other governmental units	84,719	-	-	84,719	-	84,719
Due from other funds	-	100,000	-	100,000	-	100,000
Prepaid costs	-	14,058	-	14,058	-	14,058
Total assets	<u>\$ 162,946</u>	<u>\$ 3,589,870</u>	<u>\$ 439,274</u>	<u>\$ 4,192,090</u>	<u>\$ 37,600</u>	<u>\$ 4,229,690</u>
<b>Liabilities</b>						
Accounts payable	\$ -	\$ 48,795	\$ -	\$ 48,795	\$ -	\$ 48,795
Due to other governmental units	128	-	-	128	-	128
Other accrued liabilities	-	49,200	-	49,200	-	49,200
Unearned revenue	13,110	-	-	13,110	-	13,110
Total liabilities	13,238	97,995	-	111,233	-	111,233
<b>Fund Balances</b>						
Nonspendable - Prepaid	-	14,058	-	14,058	-	14,058
Restricted - Food service	149,708	-	-	149,708	-	149,708
Committed:						
Cooperative activities	-	3,477,817	-	3,477,817	-	3,477,817
Debt service	-	-	-	-	37,600	37,600
Student activities	-	-	439,274	439,274	-	439,274
Total fund balances	149,708	3,491,875	439,274	4,080,857	37,600	4,118,457
Total liabilities and fund balances	<u>\$ 162,946</u>	<u>\$ 3,589,870</u>	<u>\$ 439,274</u>	<u>\$ 4,192,090</u>	<u>\$ 37,600</u>	<u>\$ 4,229,690</u>

## Macomb Intermediate School District

### Other Supplementary Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds

Year Ended June 30, 2023

	Special Revenue Funds			Debt Service Fund	
	School Lunch Fund	Collaborative Education Fund	Student Activities Fund	Total Special Revenue Funds	Debt Retirement Fund
					Total
<b>Revenue</b>					
Local sources	\$ 12,040	\$ 349,370	\$ 328,353	\$ 689,763	\$ -
Federal sources	585,255	-	-	585,255	-
Interdistrict sources	-	2,787,378	-	2,787,378	-
Total revenue	597,295	3,136,748	328,353	4,062,396	-
<b>Expenditures</b>					
Current:					
Instruction	-	2,120,910	-	2,120,910	-
Support services	1,380	1,247,025	396,417	1,644,822	-
Food services	571,370	-	-	571,370	-
Debt service:					
Principal	-	-	-	-	580,000
Interest	-	-	-	-	14,983
Payments to other entities and public schools	-	900,000	-	900,000	-
Total expenditures	572,750	4,267,935	396,417	5,237,102	594,983
<b>Excess of Revenue Over (Under) Expenditures</b>	24,545	(1,131,187)	(68,064)	(1,174,706)	(594,983)
<b>Other Financing Sources - Transfers in (Note 8)</b>	-	1,000,000	-	1,000,000	-
<b>Net Change in Fund Balances</b>	24,545	(131,187)	(68,064)	(174,706)	(594,983)
<b>Fund Balances - Beginning of year</b>	125,163	3,623,062	507,338	4,255,563	632,583
<b>Fund Balances - End of year</b>	<u>\$ 149,708</u>	<u>\$ 3,491,875</u>	<u>\$ 439,274</u>	<u>\$ 4,080,857</u>	<u>\$ 37,600</u>

**Macomb Intermediate School District****Other Supplementary Information  
Combining Statement of Net Position  
Internal Service Funds****June 30, 2023**

	Cooperative Education Fund	Compensated Absence and Self-Insurance Fund	Total
<b>Assets</b>			
Current assets:			
Cash and investments	\$ 358,616	\$ 13,876,183	\$ 14,234,799
Accounts receivable	-	341,924	341,924
Prepaid costs	-	75,000	75,000
Other assets	-	12,718	12,718
Total assets	358,616	14,305,825	14,664,441
<b>Liabilities</b>			
Current liabilities:			
Other accrued liabilities	-	2,345,753	2,345,753
Provision for compensated absences and severance pay	-	1,658,131	1,658,131
Provision for self-insurance	-	1,252,769	1,252,769
Total current liabilities	-	5,256,653	5,256,653
Noncurrent liabilities - Provision for compensated absences and severance pay	-	1,879,976	1,879,976
Total liabilities	-	7,136,629	7,136,629
<b>Net Position - Unrestricted</b>	<b>\$ 358,616</b>	<b>\$ 7,169,196</b>	<b>\$ 7,527,812</b>

## Macomb Intermediate School District

### Other Supplementary Information Combining Statement of Revenue, Expenses, and Changes in Net Position Internal Service Funds

Year Ended June 30, 2023

	Cooperative Education Fund	Compensated Absence and Self-Insurance Fund	Total
<b>Operating Revenue</b> - Charges for compensated absences, severance pay, and self-insurance costs	\$ -	\$ 23,047,358	\$ 23,047,358
<b>Operating Expenses</b> - Fringe benefits, purchased services, and supplies and materials	-	24,488,537	24,488,537
<b>Change in Net Position</b>	-	(1,441,179)	(1,441,179)
<b>Net Position</b> - Beginning of year	358,616	8,610,375	8,968,991
<b>Net Position</b> - End of year	<u>\$ 358,616</u>	<u>\$ 7,169,196</u>	<u>\$ 7,527,812</u>

## Macomb Intermediate School District

### Other Supplementary Information Combining Statement of Cash Flows Internal Service Funds

Year Ended June 30, 2023

	Cooperative Education Fund	Compensated Absence and Self-Insurance Fund	Total
<b>Cash Flows from Operating Activities</b>			
Receipts from customers, interfund services, and reimbursements	\$ -	\$ 22,700,114	\$ 22,700,114
Fringe benefits, claims, purchased services, and other amounts paid	-	(24,081,591)	(24,081,591)
<b>Net Decrease in Cash and Investments - Net cash used in operating activities</b>	-	(1,381,477)	(1,381,477)
<b>Cash and Investments - Beginning of year</b>	358,616	15,257,660	15,616,276
<b>Cash and Investments - End of year</b>	<b>\$ 358,616</b>	<b>\$ 13,876,183</b>	<b>\$ 14,234,799</b>
<b>Reconciliation of Change in Net Position to Net Cash from Operating Activities</b>			
Change in net position	\$ -	\$ (1,441,179)	\$ (1,441,179)
Adjustments to reconcile change in net position to net cash from operating activities -			
Changes in assets and liabilities:			
Receivables	-	(341,924)	(341,924)
Prepaid and other assets	-	(5,320)	(5,320)
Provision for compensated absences, severance pay, and self-insurance liability	-	(33,865)	(33,865)
Accrued and other liabilities	-	440,811	440,811
<b>Net cash and investments used in operating activities</b>	<b>\$ -</b>	<b>\$ (1,381,477)</b>	<b>\$ (1,381,477)</b>