

FINANCIAL REPORT
OF
**MACOMB INTERMEDIATE
SCHOOL DISTRICT**
CLINTON TOWNSHIP, MICHIGAN

FISCAL YEAR ENDED JUNE 30, 2020



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Independent Auditor's Report

To the Board of Education
Macomb Intermediate School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Macomb Intermediate School District (the "Intermediate School District") as of and for the year ended June 30, 2020 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Macomb Intermediate School District as of June 30, 2020 and the respective changes in its financial position and, where applicable, cash flows for the then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 2 to the basic financial statements, as of July 1, 2019, the Intermediate School District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

To the Board of Education
Macomb Intermediate School District

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 supplemental 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 Supplemental 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 supplemental 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.

The other supplemental 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2020 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 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 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.



November 19, 2020

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, 2020. 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 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 Supplemental Information)

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

Required Supplemental 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 Supplemental 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.

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.

Macomb Intermediate School District

Management's Discussion and Analysis (Continued)

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.

The Intermediate School District as Trustee - Reporting the Intermediate School District's Fiduciary Responsibilities

The Intermediate School District is the trustee, or fiduciary, for its student and other groups' activity funds and tax collections. All of the Intermediate School District's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities. We exclude these activities from the Intermediate School District's other financial statements because the Intermediate School District cannot use these assets to finance its operations. The Intermediate School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

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, 2020 and 2019:

	Governmental Activities		Business-type Activities	
	2020	2019	2020	2019
	(in millions)		(in millions)	
Assets				
Current and other assets	\$ 113.0	\$ 94.4	\$ 8.6	\$ 7.6
Capital assets	46.6	46.6	0.2	-
Total assets	159.6	141.0	8.8	7.6
Deferred Outflows of Resources	77.2	78.0	-	-
Liabilities				
Current liabilities	46.4	41.2	-	-
Noncurrent liabilities	7.4	8.1	-	-
Net pension liability	224.1	205.1	-	-
Net OPEB liability	48.4	54.4	-	-
Total liabilities	326.3	308.8	-	-
Deferred Inflows of Resources	36.1	35.5	-	-
Net Position (Deficit)				
Net investment in capital assets	44.9	44.3	-	-
Unrestricted - Governmental:				
Other	53.6	47.3	-	-
Pension	(171.0)	(160.2)	-	-
OPEB	(53.1)	(56.7)	-	-
Unrestricted - Business-type	-	-	8.8	7.6
Total net position (deficit)	<u>\$ (125.6)</u>	<u>\$ (125.3)</u>	<u>\$ 8.8</u>	<u>\$ 7.6</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 \$(125.6) million at June 30, 2020. Net investment in capital assets totaling \$44.9 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 (\$(170.5) 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 \$(170.5) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations of \$53.6 million less \$(171.0) million related to the adoption of GASB Statement Nos. 68 and 71 and \$(53.1) 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.

As required by the Governmental Accounting Standards Board (GASB), the Intermediate School District adopted GASB Statement No. 84, *Fiduciary Activities*, as of July 1, 2019. This standard provides guidance on the identification and reporting of fiduciary activities and required the Intermediate School District to evaluate activities to determine if they were fiduciary in nature. The standard also changed the reporting and presentation requirements of fiduciary activities. The effect of the adoption on the governmental activities was to increase July 1, 2019 beginning net position by \$650,000, which represents the activities that used to be reported as fiduciary but are now reported as governmental under GASB 84. The governmental statement of net position at June 30, 2020 and statement of activities for the year ended June 30, 2020 include all the balances and transactions for those activities that used to be reported as fiduciary but are now reported as governmental. All school districts and intermediate school districts were required to adopt this new standard unless they elected to defer for one year, as allowed for under GASB Statement No. 95.

Macomb Intermediate School District

Management's Discussion and Analysis (Continued)

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, 2020 and 2019:

	Governmental Activities		Business-type Activities	
	2020	2019	2020	2019
	(in millions)		(in millions)	
Revenue				
Program revenue:				
Charges for services	\$ 0.4	\$ -	\$ 2.8	\$ 2.8
Operating grants	126.8	119.0	-	-
General revenue:				
Taxes	83.7	80.5	-	-
State aid not restricted to specific purposes	8.4	8.4	-	-
Other	4.2	5.4	-	-
Total revenue	223.5	213.3	2.8	2.8
Expenses				
Instruction	49.3	46.2	-	-
Support services	92.3	85.3	-	-
Food services	1.1	0.5	-	-
Community services	1.1	0.7	-	-
Payments to other entities and public schools	77.7	77.1	-	-
Debt service	0.1	0.1	-	-
Depreciation expense (unallocated)	2.8	2.8	-	-
WAN and student database services expense	-	-	1.6	1.6
Total expenses	224.4	212.7	1.6	1.6
Change in Net Position	(0.9)	0.6	1.2	1.2
Net Position (Deficit) - Beginning of year (as restated)	(124.7)	(125.9)	7.6	6.4
Net Position (Deficit) - End of year	\$ (125.6)	\$ (125.3)	\$ 8.8	\$ 7.6

As reported in the statement of activities, the cost of all of our governmental activities this year was \$224.4 million. 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 (\$126.8 million). We paid for the remaining public benefit portion of our governmental activities with \$83.7 million in taxes, \$8.4 million in state aid not restricted for specific purposes, and \$4.2 million in other revenue (i.e., interest and general entitlements).

The governmental activities of the Intermediate School District experienced a slight decrease in net position of \$0.9 million.

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 \$8.8 million.

Macomb Intermediate School District

Management's Discussion and Analysis (Continued)

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 \$11.3 million in the combined fund balance from last year. The primary reasons for the increase are as follows:

In the General Fund, the fund balance increased by approximately \$0.2 million. The General Fund's 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 revenue funds reported a net increase in fund balance of approximately \$0.2 million.

With the adoption of GASB 84, the Intermediate School District created the Student Activities special revenue to account for activities previously reported as fiduciary funds. The effect of the adoption was to increase July 1, 2019 beginning fund balance by approximately \$648,000.

The General Capital Projects Fund fund balance increased approximately \$9.7 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 supplemental information to these financial statements.

There were significant revisions made to the 2019-2020 General Fund original budget. Budgeted revenue increased by approximately \$11 million primarily due to the addition of certain state and federal grants that were not originally budgeted.

Budgeted expenditures also increased by approximately \$11.0 million to account for the additional expenditures (salaries, support services, and interdistrict transfers) primarily as a result of the increased grant funding. Beginning in March 2020, the Intermediate School District was required to provide remote instruction instead of in-person instruction as a result of the COVID-19 outbreak and related executive orders. Reduced expenditures associated with limited building use were offset by increased costs associated with remote learning, expanded food delivery, and personal protection measures.

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, 2020, the Intermediate School District had \$89.5 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 \$0.5 million.

	Governmental Activities		Business-type Activities	
	2020	2019	2020	2019
Land	\$ 7,468,197	\$ 6,583,741	\$ -	\$ -
Construction in progress	1,141,712	-	-	-
Buildings and improvements	48,290,916	48,173,722	-	-
Furniture and equipment	14,957,547	14,800,757	371,676	191,280
Buses and other vehicles	16,803,156	18,560,292	-	-
Land improvements	870,087	876,790	-	-
Total capital assets	89,531,615	88,995,302	371,676	191,280
Less accumulated depreciation	42,914,065	42,419,940	208,418	172,152
Total capital assets - Net of accumulated depreciation	<u>\$ 46,617,550</u>	<u>\$ 46,575,362</u>	<u>\$ 163,258</u>	<u>\$ 19,128</u>

This year's additions of approximately \$3 million consisted primarily of construction in progress and buses.

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 \$1.705 million in general obligation bonds outstanding, versus \$2.25 million in the previous year.

The State limits the amount of general obligation debt that schools can issue to 15 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 has not kept pace with the recovery experienced by the rest of the nation. As a result of the depressed housing market, taxable values had fallen 24.3 percent since 2008-2009 but have now stabilized and are expected to slowly recover in the near term. In dollar terms, this reduction equated to \$23.2 million less annually in property tax revenue compared to 2008-2009. Furthermore, recent legislation eliminating the Michigan business tax and the personal property tax have further added to our revenue pressures. 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 local districts for related categoricals.

The intermediate school districts have suffered enormous reductions over the last 16 years. Statewide, the Section 81 discretionary funding had been cut from \$95 million to \$68 million, or a loss of 28 percent. Our current level of funding is \$2.1 million less than our annual level of funding in 2003.

Macomb Intermediate School District

Management's Discussion and Analysis (Continued)

The responses to COVID-19 will continue to impact expenditures through much of the year but will be mitigated to the extent of the limited county Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. Unfortunately, like other related categoricals mentioned earlier, ISDs, particularly those with students, will not receive the similar level of federal relief as their local district counterparts. A recent federal court decision may provide some assistance along with the potential for additional federal aid held up during the recent presidential election.

On a positive note, in March 2020 a substantial 10-year county-wide enhancement millage was passed. Beginning in 2020-2021, over \$57 million will be levied and ultimately distributed to all Macomb County school districts and public school academies on a per pupil basis.

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 are expected to finally stabilize over the next few years.

In addition to the ISD impact, local districts are experiencing similar revenue and expenditure pressures, leading to increased reliance on ISDs for services and support, particularly for special education.

The need to service students and provide services to our constituent school districts has expanded significantly in the past few 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 experiencing lower student outcomes.
2. Offer credit recovery options and summer camps for students who need help in meeting the state graduation requirements.
3. Support a county-wide transition assessment for high school students with special needs.
4. Provide career preparation opportunities for students.
5. Respond to Macomb County's expanding diverse population needs.
6. Assist local districts in the implementation of the Michigan Standards curriculum.
7. Provide alternative pathways for student learning.
8. Continue to support county-wide and innovative and collaborative programs, such as the International Baccalaureate (IB) and the Early College programs.
9. Continue to increase the capacity of the Great Start Readiness Program.
10. Provide Early On Services throughout the county for young children from birth to three years of age.
11. Offer school safety support.
12. Expand our use of student data management tools to analyze student achievement and performance.
13. Explore the impact on county resources and programs and develop responses to recent legislative changes pertaining to charter and cyber schools.
14. Assist local districts with the multitude of compliance, data submissions, and federal and state regulations.
15. Support local districts in financial stress.
16. Maintain the completed county-wide fiber optic network, which provides technology support and access to worldwide educational resources.
17. Support and maintain Power School, our county-wide student management system.

Macomb Intermediate School District

Management's Discussion and Analysis (Continued)

18. Support and maintain Power School Special Education, the county's special education management system.
19. Implement strategies in the MISD School Improvement Plan.
20. Renovate three existing MISD schools to better service special education students.
21. Explore options to accommodate the growing needs of our severely cognitively impaired, severely multiply impaired, and autistic population.
22. Explore site improvement options at three of our sites.
23. Expand Educational Service Center training rooms and workspace to meet the expanding needs of students and management.
24. Maintain our financial strength to ensure we do not have billbacks to local schools for special education students attending center programs through the 2020-2021 school year.

Publication of this financial report, prepared by the business office, concludes the financial reporting program for the 2019-2020 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, 16 academies, and the 126,000 public school 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, 2020

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments (Note 4)	\$ 81,605,980	\$ 8,213,541	\$ 89,819,521
Receivables:			
Accounts receivable	1,000,300	-	1,000,300
Due from other governmental units	28,659,958	-	28,659,958
Inventories	46,387	-	46,387
Prepaid costs	1,632,857	375,000	2,007,857
Other current assets	8,301	-	8,301
Capital assets - Net (Note 6)	46,617,550	163,258	46,780,808
Total assets	159,571,333	8,751,799	168,323,132
Deferred Outflows of Resources			
Deferred pension costs (Note 10)	62,604,954	-	62,604,954
Deferred OPEB costs (Note 10)	14,595,508	-	14,595,508
Total deferred outflows of resources	77,200,462	-	77,200,462
Liabilities			
Accounts payable	4,000,972	43	4,001,015
Due to other governmental units	17,606,133	-	17,606,133
Other accrued liabilities	10,471,533	-	10,471,533
Unearned revenue (Note 5)	14,345,200	-	14,345,200
Noncurrent liabilities:			
Due within one year (Note 8)	4,368,998	-	4,368,998
Due in more than one year (Note 8)	3,072,337	-	3,072,337
Net pension liability (Note 10)	224,098,583	-	224,098,583
Net OPEB liability (Note 10)	48,379,444	-	48,379,444
Total liabilities	326,343,200	43	326,343,243
Deferred Inflows of Resources			
Revenue in support of pension contributions made subsequent to the measurement date (Note 10)	7,427,928	-	7,427,928
Deferred pension cost reductions (Note 10)	9,327,819	-	9,327,819
Deferred OPEB cost reductions (Note 10)	19,350,155	-	19,350,155
Total deferred inflows of resources	36,105,902	-	36,105,902
Net Position (Deficit)			
Net investment in capital assets	44,912,550	-	44,912,550
Unrestricted	(170,589,857)	8,751,756	(161,838,101)
Total net position (deficit)	<u>\$ (125,677,307)</u>	<u>\$ 8,751,756</u>	<u>\$ (116,925,551)</u>

Macomb Intermediate School District

Statement of Activities

Year Ended June 30, 2020

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-type Activities	Total
Primary government:						
Governmental activities:						
Instruction	\$ 49,262,335	\$ -	\$ 12,788,566	\$ (36,473,769)	\$ -	\$ (36,473,769)
Support services	92,259,162	-	65,004,227	(27,254,935)	-	(27,254,935)
Food services	1,117,067	20,116	1,076,951	(20,000)	-	(20,000)
Community services	1,075,383	396,450	-	(678,933)	-	(678,933)
Payments to other entities and public schools	77,783,816	-	47,919,305	(29,864,511)	-	(29,864,511)
Interest	63,160	-	-	(63,160)	-	(63,160)
Depreciation expense (unallocated) (Note 6)	2,796,867	-	-	(2,796,867)	-	(2,796,867)
Total governmental activities	224,357,790	416,566	126,789,049	(97,152,175)	-	(97,152,175)
Business-type activities - WAN and student database services	1,620,690	2,756,873	-	-	1,136,183	1,136,183
Total primary government	\$ 225,978,480	\$ 3,173,439	\$ 126,789,049	(97,152,175)	1,136,183	(96,015,992)
General revenue:						
Taxes:						
Property taxes levied for general purposes				5,751,089	-	5,751,089
Property taxes levied for special education				77,987,107	-	77,987,107
State aid not restricted to specific purposes				8,422,303	-	8,422,303
Interest and investment earnings				803,749	-	803,749
Loss on sale of capital assets				(48,299)	-	(48,299)
Other				3,221,938	-	3,221,938
Total general revenue				96,137,887	-	96,137,887
Change in Net Position				(1,014,288)	1,136,183	121,895
Net Position (Deficit) - Beginning of year (as restated) (Note 2)				(124,663,019)	7,615,573	(117,047,446)
Net Position (Deficit) - End of year				\$(125,677,307)	\$ 8,751,756	\$(116,925,551)

Macomb Intermediate School District

Governmental Funds Balance Sheet

June 30, 2020

	General Fund	Special Education Fund	General Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
Assets					
Cash and investments (Note 4)	\$ 5,528,106	\$ 22,254,733	\$ 32,557,193	\$ 6,667,098	\$ 67,007,130
Receivables:					
Accounts receivable	988,534	11,766	-	-	1,000,300
Due from other governmental units	5,832,085	22,617,315	-	210,558	28,659,958
Due from other funds (Note 7)	116,160	-	-	-	116,160
Inventories	19,333	27,054	-	-	46,387
Prepaid costs	421,373	1,135,241	-	1,243	1,557,857
Total assets	\$ 12,905,591	\$ 46,046,109	\$ 32,557,193	\$ 6,878,899	\$ 98,387,792
Liabilities					
Accounts payable	\$ 544,176	\$ 2,037,084	\$ 184,482	\$ 1,235,230	\$ 4,000,972
Due to other governmental units	3,266,622	14,339,383	-	128	17,606,133
Due to other funds (Note 7)	-	116,160	-	-	116,160
Other accrued liabilities	2,247,388	6,122,505	-	82,200	8,452,093
Unearned revenue (Note 5)	2,965,140	11,374,077	-	5,983	14,345,200
Deferred Inflows of Resources - Unavailable revenue (Note 5)	185,317	-	-	-	185,317
Total liabilities and deferred inflows of resources	9,208,643	33,989,209	184,482	1,323,541	44,705,875
Fund Balances					
Nonspendable:					
Inventory	19,333	27,054	-	-	46,387
Prepays	421,373	1,135,241	-	1,243	1,557,857
Restricted - Special education	-	10,894,605	-	-	10,894,605
Committed:					
Cooperative activities	-	-	-	3,133,686	3,133,686
Debt service	-	-	-	1,838,075	1,838,075
Student activities	-	-	-	583,597	583,597
Assigned - Capital projects	-	-	32,372,711	-	32,372,711
Unassigned	3,256,242	-	-	(1,243)	3,254,999
Total fund balances	3,696,948	12,056,900	32,372,711	5,555,358	53,681,917
Total liabilities, deferred inflows of resources, and fund balances	\$ 12,905,591	\$ 46,046,109	\$ 32,557,193	\$ 6,878,899	\$ 98,387,792

Macomb Intermediate School District

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

June 30, 2020

Fund Balances Reported in Governmental Funds	\$ 53,681,917
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	89,531,615
Accumulated depreciation	<u>(42,914,065)</u>
Net capital assets used in governmental activities	46,617,550
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	185,317
Bonds payable are not due and payable in the current period and are not reported in the funds	(1,705,000)
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	(170,821,448)
Net OPEB liability and related deferred inflows and outflows	(53,134,091)
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	(7,427,928)
Internal service funds are included as part of governmental activities	<u>6,926,376</u>
Net Position (Deficit) of Governmental Activities	<u><u>\$ (125,677,307)</u></u>

Macomb Intermediate School District

Governmental Funds
Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2020

	General Fund	Special Education Fund	General Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
Revenue					
Local sources	\$ 7,016,844	\$ 92,564,061	\$ 759,351	\$ 565,176	\$ 100,905,432
State sources	24,999,708	51,905,172	-	-	76,904,880
Federal sources	2,891,397	38,357,723	-	1,076,951	42,326,071
Interdistrict sources	518,915	-	-	2,684,035	3,202,950
Total revenue	<u>35,426,864</u>	<u>182,826,956</u>	<u>759,351</u>	<u>4,326,162</u>	<u>223,339,333</u>
Expenditures					
Current:					
Instruction	505,049	42,496,787	-	2,414,415	45,416,251
Support services	22,639,504	58,815,050	500,500	1,229,360	83,184,414
Food services	-	-	-	1,117,067	1,117,067
Community services	454,359	581,982	-	-	1,036,341
Debt service:					
Principal	-	-	-	545,000	545,000
Interest	-	-	-	63,160	63,160
Capital outlay	123,249	835,436	2,052,235	-	3,010,920
Payments to other entities and public schools	16,447,014	61,336,802	-	-	77,783,816
Total expenditures	<u>40,169,175</u>	<u>164,066,057</u>	<u>2,552,735</u>	<u>5,369,002</u>	<u>212,156,969</u>
Excess of Revenue (Under) Over Expenditures	(4,742,311)	18,760,899	(1,793,384)	(1,042,840)	11,182,364
Other Financing Sources (Uses)					
Proceeds from sale of capital assets	-	123,564	-	-	123,564
Transfers in (Note 7)	5,911,958	-	13,800,000	2,300,000	22,011,958
Transfers out (Note 7)	(1,000,000)	(18,711,958)	(2,300,000)	-	(22,011,958)
Total other financing sources (uses)	<u>4,911,958</u>	<u>(18,588,394)</u>	<u>11,500,000</u>	<u>2,300,000</u>	<u>123,564</u>
Net Change in Fund Balances	169,647	172,505	9,706,616	1,257,160	11,305,928
Fund Balances - Beginning of year (as restated) (Note 2)	<u>3,527,301</u>	<u>11,884,395</u>	<u>22,666,095</u>	<u>4,298,198</u>	<u>42,375,989</u>
Fund Balances - End of year	<u><u>\$ 3,696,948</u></u>	<u><u>\$ 12,056,900</u></u>	<u><u>\$ 32,372,711</u></u>	<u><u>\$ 5,555,358</u></u>	<u><u>\$ 53,681,917</u></u>

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, 2020

Net Change in Fund Balances Reported in Governmental Funds	\$ 11,305,928
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	3,010,918
Depreciation expense	(2,796,867)
Net book value of assets disposed of	(171,863)
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	(72,289)
Revenue in support of pension contributions made subsequent to the measurement date	124,757
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	545,000
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	(14,558,043)
Internal service funds are included as part of governmental activities	<u>1,598,171</u>
Change in Net Position of Governmental Activities	<u>\$ (1,014,288)</u>

Macomb Intermediate School District

**Proprietary Funds
Statement of Net Position**

June 30, 2020

	Nonmajor Enterprise Funds			Governmental Activities
	Student Accounting	Wide Area Network	Total	Proprietary - Internal Service
Assets				
Current assets:				
Cash and investments (Note 4)	\$ 4,246,282	\$ 3,967,259	\$ 8,213,541	\$ 14,598,850
Prepaid costs	-	375,000	375,000	75,000
Other current assets	-	-	-	8,301
Total current assets	4,246,282	4,342,259	8,588,541	14,682,151
Noncurrent assets - Capital assets - Net (Note 6)	163,258	-	163,258	-
Total assets	4,409,540	4,342,259	8,751,799	14,682,151
Liabilities				
Current liabilities:				
Accounts payable	-	43	43	-
Other accrued liabilities	-	-	-	2,019,440
Provision for compensated absences and severance pay (Note 8)	-	-	-	1,142,365
Provision for self- insurance (Notes 8 and 9)	-	-	-	2,671,633
Total current liabilities	-	43	43	5,833,438
Noncurrent liabilities - Provision for compensated absences and severance pay (Note 8)	-	-	-	1,922,337
Total liabilities	-	43	43	7,755,775
Net Position - Unrestricted	\$ 4,409,540	\$ 4,342,216	\$ 8,751,756	\$ 6,926,376

Macomb Intermediate School District

Proprietary Funds
Statement of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2020

	Nonmajor Enterprise Funds			Governmental Activities
	Student Accounting	Wide Area Network	Total	Proprietary - Internal Service
Operating Revenue - Charges for tax collection services, compensated absences, severance pay, self-insurance costs, WAN services, and student database services	\$ 1,099,025	\$ 1,657,848	\$ 2,756,873	\$ 21,134,075
Operating Expenses - Fringe benefits, purchased services, and supplies and materials	938,716	681,974	1,620,690	19,535,904
Change in Net Position	160,309	975,874	1,136,183	1,598,171
Net Position - Beginning of year	4,249,231	3,366,342	7,615,573	5,328,205
Net Position - End of year	\$ 4,409,540	\$ 4,342,216	\$ 8,751,756	\$ 6,926,376

Macomb Intermediate School District

Proprietary Funds Statement of Cash Flows

Year Ended June 30, 2020

	Nonmajor Enterprise Funds			Governmental Activities
	Student Accounting	Wide Area Network	Total	Proprietary - Internal Service
Cash Flows from Operating Activities				
Receipts from customers, interfund services, and reimbursements	\$ 1,099,025	\$ 1,300,886	\$ 2,399,911	\$ 21,135,911
Fringe benefits, claims, purchased services, and other amounts paid	(921,578)	(662,845)	(1,584,423)	(19,775,317)
Net cash and investments provided by operating activities	177,447	638,041	815,488	1,360,594
Cash Flows Used in Financing Activities -				
Purchase of capital assets	(180,396)	-	(180,396)	-
Net (Decrease) Increase in Cash and investments	(2,949)	638,041	635,092	1,360,594
Cash and Investments - Beginning of year	4,249,231	3,329,218	7,578,449	13,238,256
Cash and Investments - End of year	<u>\$ 4,246,282</u>	<u>\$ 3,967,259</u>	<u>\$ 8,213,541</u>	<u>\$ 14,598,850</u>
Reconciliation of Operating Income to Net Cash from Operating Activities				
Operating income	\$ 160,309	\$ 975,874	\$ 1,136,183	\$ 1,598,171
Adjustments to reconcile operating income to net cash from operating activities:				
Depreciation	17,138	19,128	36,266	-
Changes in assets and liabilities:				
Prepaid and other assets	-	(356,961)	(356,961)	1,836
Provision for compensated absences, severance pay, and self-insurance liability	-	-	-	(204,722)
Accrued and other liabilities	-	-	-	(34,691)
Net cash and investments provided by operating activities	<u>\$ 177,447</u>	<u>\$ 638,041</u>	<u>\$ 815,488</u>	<u>\$ 1,360,594</u>

Note 1 - Nature of Business

The 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 and its component units, as applicable. 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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds, if any, are reported as separate columns in the fund financial statements.

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 type:

- 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 the 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 county-wide 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 the 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.

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.

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 and fiduciary funds, as applicable, 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.

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:

	<u>Depreciable Life - Years</u>
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.

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.

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.

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 only exist 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.

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.

Adoption of New Accounting Pronouncement

During the current year, the Intermediate School District adopted GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. As a result of implementing this standard, student activities were previously reported as fiduciary activities but no longer meet the definition; therefore, these activities are now reported within a new nonmajor governmental fund, the Student Activities Fund.

The effect of this new standard on net position/fund balance was as follows:

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	<u>Student Activities Fund</u>
Net position/fund balance - June 30, 2019 - As previously reported	\$ (125,311,780)	\$ -
Adjustment for GASB Statement No. 84 - To change fund type	<u>648,761</u>	<u>648,761</u>
Net position/fund balance - June 30, 2019 - As restated	<u>\$ (124,663,019)</u>	<u>\$ 648,761</u>

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, 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.

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.

Note 3 - Stewardship, Compliance, and Accountability (Continued)

Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the Intermediate School District incurred expenditures that were in excess of the budgeted amounts, as follows:

	Budget	Actual
General Fund - Support services - Transportation	\$ -	\$ 5,645
General Fund - Transfers and other	16,397,892	17,295,826
Special Education Fund - Transfers and other	72,365,507	75,945,720
Special Education Fund - Support services - Business/Administration	4,734,000	4,786,698

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.

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 \$50,126,428 of bank deposits (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. As a result, the Intermediate School District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

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, 2020, the Intermediate School District does not have investments with custodial credit risk.

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.

June 30, 2020

Note 5 - 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 recognition in connection with resources that have been received but not yet earned.

At June 30, 2020, the various components of unearned and unavailable revenue were as follows:

	Governmental Funds	
	Deferred Inflow - Unavailable	Liability - Unearned
Charges for services	\$ 185,317	\$ -
Grant and categorical aid payment received prior to meeting all eligibility requirements	-	14,345,200

Note 6 - Capital Assets

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

Governmental Activities

	Balance July 1, 2019	Additions	Disposals and Adjustments	Balance June 30, 2020
Capital assets not being depreciated:				
Land	\$ 6,583,741	\$ 877,753	\$ 6,703	\$ 7,468,197
Construction in progress	-	1,141,712	-	1,141,712
Subtotal	6,583,741	2,019,465	6,703	8,609,909
Capital assets being depreciated:				
Buildings and improvements	48,173,722	117,194	-	48,290,916
Furniture and equipment	14,800,757	156,790	-	14,957,547
Buses and other vehicles	18,560,292	717,469	(2,474,605)	16,803,156
Land improvements	876,790	-	(6,703)	870,087
Subtotal	82,411,561	991,453	(2,481,308)	80,921,706
Accumulated depreciation:				
Buildings and improvements	19,647,104	764,175	-	20,411,279
Furniture and equipment	11,259,484	311,331	-	11,570,815
Buses and other vehicles	10,873,930	1,680,132	(2,302,574)	10,251,488
Land improvements	639,422	41,229	(168)	680,483
Subtotal	42,419,940	2,796,867	(2,302,742)	42,914,065
Net capital assets being depreciated	39,991,621	(1,805,414)	(178,566)	38,007,641
Net governmental activities capital assets	\$ 46,575,362	\$ 214,051	\$ (171,863)	\$ 46,617,550

June 30, 2020

Note 6 - Capital Assets (Continued)

Business-type Activities

	Balance July 1, 2019	Additions	Disposals and Adjustments	Balance June 30, 2020
Capital assets being depreciated - Furniture and equipment	\$ 191,280	\$ 180,396	\$ -	\$ 371,676
Accumulated depreciation - Furniture and equipment	172,152	36,266	-	208,418
Net business-type activities capital assets	<u>\$ 19,128</u>	<u>\$ 144,130</u>	<u>\$ -</u>	<u>\$ 163,258</u>

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

Commitments

At year end, the Intermediate School District was committed to purchase the remaining school buses from an open purchase order totaling approximately \$1,550,000, which will be incurred subsequent to June 30, 2020.

Note 7 - Interfund Receivables, Payables, and Transfers

The balance owing from the General Fund to the Special Education Fund resulted from amounts the General Fund paid on behalf of the Special Education Fund and for which the cash had not yet been transferred between funds.

Transfers into the General Fund primarily represent amounts received from the Special Education Fund for indirect costs of \$5,911,958. The Early College of Macomb Fund received \$500,000 from the General Capital Projects Fund for additional financial support. The Debt Retirement Fund received \$1,800,000 from the General Capital Projects Fund so that future debt service payments can be made. The General Capital Projects Fund received \$12,800,000 from the Special Education Fund and \$1,000,000 from the General Fund for future capital purchases.

Note 8 - Long-term Obligations

Long-term obligation activity for the year ended June 30, 2020 can be summarized as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable - Other debt	\$ 2,250,000	\$ -	\$ (545,000)	\$ 1,705,000	\$ 555,000
Severance pay	1,072,679	917,604	(545,722)	1,444,561	545,500
Compensated absences	1,381,198	835,586	(596,643)	1,620,141	596,865
Self-insurance	3,487,180	16,014,467	(16,830,014)	2,671,633	2,671,633
Total governmental activities long-term debt	<u>\$ 8,191,057</u>	<u>\$ 17,767,657</u>	<u>\$ (18,517,379)</u>	<u>\$ 7,441,335</u>	<u>\$ 4,368,998</u>

Note 8 - Long-term Obligations (Continued)

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. General obligations outstanding at June 30, 2020 are as follows:

Purpose	Year Issued	Interest Rates	Maturing	Outstanding
Governmental Activities				
School building and site bond	2018	2.70 - 3.10%	11/1/2023	\$ 1,705,000

Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending June 30	Governmental Activities		
	Principal	Interest	Total
2021	\$ 555,000	\$ 50,898	\$ 605,898
2022	570,000	35,080	605,080
2023	580,000	17,980	597,980
Total	\$ 1,705,000	\$ 103,958	\$ 1,808,958

Note 9 - 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:

	2020	2019
Estimated liability - Beginning of year	\$ 3,487,180	\$ 3,269,123
Estimated claims incurred, including changes in estimates	16,014,467	15,466,780
Claim payments	(16,830,013)	(15,248,723)
Estimated liability - End of year	\$ 2,671,634	\$ 3,487,180

Note 10 - 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 supplemental information for the pension and postemployment health care plans. That report is available on the web at <http://www.michigan.gov/orsschools> or by writing to the Office of Retirement Services at 7150 Harris Drive, P.O. Box 30171, Lansing, MI 48909.

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.

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 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, MPERS 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.

MPERS provides medical, prescription drug, dental, and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by MPERS, 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.

Note 10 - Michigan Public School Employees' Retirement System (Continued)

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 a participant 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 account 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) account.

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, 2018 - September 30, 2019	13.39% - 19.59%	7.57% - 7.93%
October 1, 2019 - September 30, 2020	13.39% - 19.59%	7.57% - 8.09%

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, 2020 were \$18,368,661, which include the Intermediate School District's contributions required for those members with a defined contribution benefit. The Intermediate School District's required and actual pension contributions include an allocation of \$7,427,928 in revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate for the year ended June 30, 2020.

The Intermediate School District's required and actual OPEB contributions to the plan for the year ended June 30, 2020 were \$5,019,779, which include the Intermediate School District's contributions required for those members with a defined contribution benefit.

Note 10 - Michigan Public School Employees' Retirement System (Continued)

Net Pension Liability

At June 30, 2020, the Intermediate School District reported a liability of \$224,098,583 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2018, which used update procedures to roll forward the estimated liability to September 30, 2019. 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, 2019 and 2018, the Intermediate School District's proportion was approximately 0.68 percent.

Net OPEB Liability

At June 30, 2020, the Intermediate School District reported a liability of \$48,379,444 for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2020 was measured as of September 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2018, which used update procedures to roll forward the estimated liability to September 30, 2019. 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, 2019 and 2018, the Intermediate School District's proportion was approximately 0.67 and 0.68 percent, respectively, representing a change of approximately 1.50 percent.

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

For 2020, the Intermediate School District recognized pension expense of \$36,368,898, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2020, 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	\$ 1,004,481	\$ (934,470)
Changes in assumptions	43,878,660	-
Net difference between projected and actual earnings on pension plan investments	-	(7,181,979)
Changes in proportion and differences between the Intermediate School District's contributions and proportionate share of contributions	2,281,783	(1,211,370)
The Intermediate School District's contributions to the plan subsequent to the measurement date	15,440,030	-
Total	\$ 62,604,954	\$ (9,327,819)

June 30, 2020

Note 10 - Michigan Public School Employees' Retirement System (Continued)

The \$7,427,928 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, 2021. 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
2021	\$ 15,561,078
2022	12,035,568
2023	7,372,599
2024	2,867,860
Total	<u>\$ 37,837,105</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, 2020, the Intermediate School District recognized OPEB expense of \$1,225,894.

At June 30, 2020, 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	\$ -	\$ (17,751,786)
Changes in assumptions	10,482,846	-
Net difference between projected and actual earnings on OPEB plan investments	-	(841,342)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	541,039	(757,027)
Employer contributions to the plan subsequent to the measurement date	3,571,623	-
Total	<u>\$ 14,595,508</u>	<u>\$ (19,350,155)</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
2021	\$ (2,263,834)
2022	(2,263,834)
2023	(1,844,010)
2024	(1,249,567)
2025	(705,025)
Total	<u>\$ (8,326,270)</u>

Note 10 - Michigan Public School Employees' Retirement System (Continued)

Actuarial Assumptions

The total pension liability and total OPEB liability as of September 30, 2019 are based on the results of an actuarial valuation as of September 30, 2018 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% - 6.80%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.95%	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	7.50%	Year 1 graded to 3.5% year 12
Mortality basis		RP-2014 Male and Female Employee Annuitant 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, 2017 valuation.

Significant assumption changes since the prior measurement date, September 30, 2018, for pension and OPEB include a reduction in both discount rates; continued impact of the updated experience study, which resulted in a lower than projected per person health benefit cost for OPEB; and favorable investment experience for both plans. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2018.

Discount Rate

The discount rate used to measure the total pension liability was 6.00 to 6.80 percent as of September 30, 2019 depending on the plan option. The discount rate used to measure the total OPEB liability was 6.95 percent as of September 30, 2019. 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.

June 30, 2020

Note 10 - Michigan Public School Employees' Retirement System (Continued)

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	28.00 %	5.50 %
Private equity pools	18.00	8.60
International equity pools	16.00	7.30
Fixed-income pools	10.50	1.20
Real estate and infrastructure pools	10.00	4.20
Absolute return pools	15.50	5.40
Short-term investment pools	2.00	0.80
Total	100.00 %	

Long-term rates of return are net of administrative expense and inflation of 2.3%.

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 - 5.80%)	Current Discount Rate (6.00 - 6.80%)	1 Percentage Point Increase (7.00 - 7.80%)
Net pension liability of the Intermediate School District	\$ 291,342,494	\$ 224,098,583	\$ 168,351,064

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 (5.95%)	Current Discount Rate (6.95%)	1 Percentage Point Increase (7.95%)
Net OPEB liability of the Intermediate School District	\$ 59,344,657	\$ 48,379,444	\$ 39,171,709

Note 10 - Michigan Public School Employees' Retirement System (Continued)

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 (6.50%)	Current Rate (7.50%)	1 Percentage Point Increase (8.50%)
Net OPEB liability of the Intermediate School District	\$ 38,781,342	\$ 48,379,444	\$ 59,343,356

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, 2020, the Intermediate School District reported a payable of \$2,068,278 and \$319,956 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2020.

Note 11 - 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, 2020, the Intermediate School District's property tax revenue was reduced by approximately \$540,000 under these programs.

Required Supplemental Information

Macomb Intermediate School District

Required Supplemental Information
Budgetary Comparison Schedule
General Fund

Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue				
Local sources	\$ 6,223,750	\$ 7,030,596	\$ 7,016,844	\$ (13,752)
State sources	20,166,810	28,274,707	24,999,708	(3,274,999)
Federal sources	1,922,765	4,161,197	2,891,397	(1,269,800)
Transfers and modifications	6,900,000	6,768,000	6,430,873	(337,127)
Total revenue	35,213,325	46,234,500	41,338,822	(4,895,678)
Expenditures				
Current:				
Instruction - Added needs	380,572	488,164	505,049	16,885
Support services:				
Pupil	452,865	818,278	640,750	(177,528)
Instructional staff	7,948,323	13,667,118	9,390,061	(4,277,057)
Business/Administration	3,393,763	3,446,814	3,366,987	(79,827)
Transportation	-	-	5,645	5,645
Operations and maintenance	2,338,000	2,530,825	2,366,293	(164,532)
Central	6,876,990	8,968,468	7,598,564	(1,369,904)
Transfers and other	13,887,812	16,397,892	17,295,826	897,934
Total expenditures	35,278,325	46,317,559	41,169,175	(5,148,384)
Net Change in Fund Balance	(65,000)	(83,059)	169,647	252,706
Fund Balance - Beginning of year	3,527,301	3,527,301	3,527,301	-
Fund Balance - End of year	\$ 3,462,301	\$ 3,444,242	\$ 3,696,948	\$ 252,706

Macomb Intermediate School District

Required Supplemental Information Budgetary Comparison Schedule Special Education Fund

Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	\$ 87,807,000	\$ 92,355,120	\$ 92,564,061	\$ 208,941
State sources	48,936,000	53,893,700	51,905,172	(1,988,528)
Federal sources	38,182,388	45,362,698	38,357,723	(7,004,975)
Transfers and modifications	1,075,000	125,000	123,564	(1,436)
Total revenue	176,000,388	191,736,518	182,950,520	(8,785,998)
Expenditures				
Current:				
Instruction - Added needs	44,035,000	42,922,886	42,563,740	(359,146)
Support services:				
Pupil	28,975,000	27,579,706	25,572,602	(2,007,104)
Instructional staff	9,816,390	16,704,543	8,705,190	(7,999,353)
Business/Administration	4,801,000	4,734,000	4,786,698	52,698
Operations and maintenance	5,498,000	5,930,000	5,665,640	(264,360)
Transportation	20,635,000	20,101,000	18,680,428	(1,420,572)
Central	458,645	1,252,876	857,986	(394,890)
Transfers and other	62,183,353	72,365,507	75,945,720	3,580,213
Total expenditures	176,402,388	191,590,518	182,778,004	(8,812,514)
Net Change in Fund Balance	(402,000)	146,000	172,516	26,516
Fund Balance - Beginning of year	11,884,395	11,884,395	11,884,395	-
Fund Balance - End of year	<u>\$ 11,482,395</u>	<u>\$ 12,030,395</u>	<u>\$ 12,056,911</u>	<u>\$ 26,516</u>

Macomb Intermediate School District

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

	Last Six Plan Years					
	Plan Years Ended September 30					
	2019	2018	2017	2016	2015	2014
Intermediate School District's proportion of the net pension liability	0.67669 %	0.68215 %	0.67612 %	0.65887 %	0.65636 %	0.63461 %
Intermediate School District's proportionate share of the net pension liability	\$ 224,098,583	\$ 205,067,302	\$ 175,212,414	\$ 164,383,906	\$ 160,314,963	\$ 139,783,440
Intermediate School District's covered payroll	\$ 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	380.16 %	352.23 %	306.18 %	295.68 %	292.96 %	259.05 %
Plan fiduciary net position as a percentage of total pension liability	60.08 %	62.12 %	63.96 %	63.01 %	62.92 %	66.15 %

Macomb Intermediate School District

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

	Last Six Fiscal Years Years Ended June 30					
	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$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	<u>17,982,262</u>	<u>17,647,201</u>	<u>17,025,079</u>	<u>16,026,681</u>	<u>15,319,143</u>	<u>11,830,906</u>
Contribution Deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Intermediate School District's Covered Payroll	\$59,865,334	\$58,450,986	\$57,376,969	\$59,219,121	\$55,156,847	\$54,590,261
Contributions as a Percentage of Covered Payroll	30.04 %	30.19 %	29.67 %	27.06 %	27.77 %	21.67 %

Macomb Intermediate School District

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

	Last Three Plan Years		
	Plan Years Ended September 30		
	2019	2018	2017
Intermediate School District's proportion of the net OPEB liability	0.67402 %	0.68387 %	0.67471 %
Intermediate School District's proportionate share of the net OPEB liability	\$ 48,379,444	\$ 54,360,114	\$ 59,748,507
Intermediate School District's covered payroll	\$ 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	82.07 %	93.37 %	104.41 %
Plan fiduciary net position as a percentage of total OPEB liability	48.67 %	43.10 %	36.53 %

Macomb Intermediate School District

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

	Last Three Fiscal Years		
	Years Ended June 30		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 4,744,444	\$ 4,560,623	\$ 4,122,189
Contributions in relation to the statutorily required contribution	<u>4,744,444</u>	<u>4,560,623</u>	<u>4,122,189</u>
Contribution Deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Intermediate School District's Covered Payroll	\$ 59,865,334	\$ 58,450,986	\$ 57,376,969
Contributions as a Percentage of Covered Payroll	7.93 %	7.80 %	7.18 %

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.

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:

- 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:

- 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.

Other Supplemental Information

Macomb Intermediate School District

Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds

June 30, 2020

	Special Revenue Funds			Debt Service Fund		Total
	School Lunch Fund	Collaborative Education Fund	Student Activities Fund	Total Special Revenue Funds	Debt Retirement Fund	
Assets						
Cash and investments	\$ 127,782	\$ 4,109,162	\$ 583,597	\$ 4,820,541	\$ 1,846,557	\$ 6,667,098
Receivables - Due from other governmental units	210,558	-	-	210,558	-	210,558
Prepaid costs	1,243	-	-	1,243	-	1,243
Total assets	\$ 339,583	\$ 4,109,162	\$ 583,597	\$ 5,032,342	\$ 1,846,557	\$ 6,878,899
Liabilities						
Accounts payable	\$ 333,472	\$ 893,276	\$ -	\$ 1,226,748	\$ 8,482	\$ 1,235,230
Due to other governmental units	128	-	-	128	-	128
Other accrued liabilities	-	82,200	-	82,200	-	82,200
Unearned revenue	5,983	-	-	5,983	-	5,983
Total liabilities	339,583	975,476	-	1,315,059	8,482	1,323,541
Fund Balances						
Nonspendable - Prepaid costs	1,243	-	-	1,243	-	1,243
Committed:						
Cooperative activities	-	3,133,686	-	3,133,686	-	3,133,686
Debt service	-	-	-	-	1,838,075	1,838,075
Student activities	-	-	583,597	583,597	-	583,597
Unassigned	(1,243)	-	-	(1,243)	-	(1,243)
Total fund balances	-	3,133,686	583,597	3,717,283	1,838,075	5,555,358
Total liabilities and fund balances	\$ 339,583	\$ 4,109,162	\$ 583,597	\$ 5,032,342	\$ 1,846,557	\$ 6,878,899

Macomb Intermediate School District

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

Year Ended June 30, 2020

	Special Revenue Funds			Debt Service Fund		Total
	School Lunch Fund	Collaborative Education Fund	Student Activities Fund	Total Special Revenue Funds	Debt Retirement Fund	
Revenue						
Local sources	\$ 40,116	\$ 314,860	\$ 210,200	\$ 565,176	\$ -	\$ 565,176
Federal sources	1,076,951	-	-	1,076,951	-	1,076,951
Interdistrict sources	-	2,684,035	-	2,684,035	-	2,684,035
Total revenue	1,117,067	2,998,895	210,200	4,326,162	-	4,326,162
Expenditures						
Current:						
Instruction	-	2,414,415	-	2,414,415	-	2,414,415
Support services	-	953,996	275,364	1,229,360	-	1,229,360
Food services	1,117,067	-	-	1,117,067	-	1,117,067
Debt service:						
Principal	-	-	-	-	545,000	545,000
Interest	-	-	-	-	63,160	63,160
Total expenditures	1,117,067	3,368,411	275,364	4,760,842	608,160	5,369,002
Excess of Expenditures Over Revenue	-	(369,516)	(65,164)	(434,680)	(608,160)	(1,042,840)
Other Financing Sources - Transfers in	-	500,000	-	500,000	1,800,000	2,300,000
Net Change in Fund Balances	-	130,484	(65,164)	65,320	1,191,840	1,257,160
Fund Balances - Beginning of year (as restated)	-	3,003,202	648,761	3,651,963	646,235	4,298,198
Fund Balances - End of year	\$ -	\$ 3,133,686	\$ 583,597	\$ 3,717,283	\$ 1,838,075	\$ 5,555,358

Macomb Intermediate School District

Other Supplemental Information
Combining Balance Sheet
Collaborative Education Fund

June 30, 2020

	Early College of Macomb Fund	Macomb Area Pathways Fund	MME/School Improvement Fund	International Baccalaureate Fund	Total
Assets - Cash and investments	\$ 2,117,216	\$ 500,000	\$ 1,103,151	\$ 388,795	\$ 4,109,162
Liabilities					
Accounts payable	\$ 876,727	\$ -	\$ -	\$ 16,549	\$ 893,276
Other accrued liabilities	82,200	-	-	-	82,200
Fund Balances - Committed - Cooperative activities	1,158,289	500,000	1,103,151	372,246	3,133,686
Total liabilities and fund balances	\$ 2,117,216	\$ 500,000	\$ 1,103,151	\$ 388,795	\$ 4,109,162

Macomb Intermediate School District

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in Fund
Balances
Collaborative Education Fund

Year Ended June 30, 2020

	Early College of Macomb Fund	Macomb Area Pathways Fund	MME/School Improvement Fund	International Baccalaureate Fund	Total
Revenue					
Local sources	\$ -	\$ -	\$ -	\$ 314,860	\$ 314,860
Interdistrict sources	2,684,035	-	-	-	2,684,035
Total revenue	2,684,035	-	-	314,860	2,998,895
Expenditures					
Current:					
Instruction - Basic program	2,336,685	-	-	77,730	2,414,415
Support services:					
Pupil	493,092	-	-	-	493,092
Instructional staff	38,210	-	-	21,518	59,728
General administration	39,525	-	-	-	39,525
School administration	7,843	-	-	353,808	361,651
Total expenditures	2,915,355	-	-	453,056	3,368,411
Excess of Expenditures Over Revenue	(231,320)	-	-	(138,196)	(369,516)
Other Financing Sources - Transfer in	500,000	-	-	-	500,000
Net Change in Fund Balances	268,680	-	-	(138,196)	130,484
Fund Balances - Beginning of year	889,609	500,000	1,103,151	510,442	3,003,202
Fund Balances - End of year	<u>\$ 1,158,289</u>	<u>\$ 500,000</u>	<u>\$ 1,103,151</u>	<u>\$ 372,246</u>	<u>\$ 3,133,686</u>

Macomb Intermediate School District

**Other Supplemental Information
Combining Statement of Net Position
Internal Service Funds**

June 30, 2020

	<u>Cooperative Education Fund</u>	<u>Compensated Absence and Self-Insurance Fund</u>	<u>Total</u>
Assets			
Current assets:			
Cash and investments	\$ 358,637	\$ 14,240,213	\$ 14,598,850
Prepaid costs	-	75,000	75,000
Other current assets	-	8,301	8,301
Total current assets	<u>358,637</u>	<u>14,323,514</u>	<u>14,682,151</u>
Liabilities			
Current liabilities:			
Other accrued liabilities	-	2,019,440	2,019,440
Provision for compensated absences and severance pay	-	1,142,365	1,142,365
Provision for self-insurance	-	2,671,633	2,671,633
Total current liabilities	<u>-</u>	<u>5,833,438</u>	<u>5,833,438</u>
Noncurrent liabilities - Provision for compensated absences and severance pay	<u>-</u>	<u>1,922,337</u>	<u>1,922,337</u>
Net Position - Unrestricted	<u>\$ 358,637</u>	<u>\$ 6,567,739</u>	<u>\$ 6,926,376</u>

Macomb Intermediate School District

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

Year Ended June 30, 2020

	<u>Cooperative Education Fund</u>	<u>Compensated Absence and Self-Insurance Fund</u>	<u>Total</u>
Operating Revenue - Charges for tax collection services, compensated absences, severance pay, and self-insurance costs	\$ -	\$ 21,134,075	\$ 21,134,075
Operating Expenses - Fringe benefits, purchased services, and supplies and materials	-	19,535,904	19,535,904
Change in Net Position	-	1,598,171	1,598,171
Net Position - Beginning of year	358,637	4,969,568	5,328,205
Net Position - End of year	<u>\$ 358,637</u>	<u>\$ 6,567,739</u>	<u>\$ 6,926,376</u>

Macomb Intermediate School District

**Other Supplemental Information
Combining Statement of Cash Flows
Internal Service Funds**

Year Ended June 30, 2020

	Cooperative Education Fund	Compensated Absence and Self-Insurance Fund	Total
Cash Flows from Operating Activities			
Receipts from customers, interfund services, and reimbursements	\$ -	\$ 20,735,657	\$ 20,735,657
Fringe benefits, claims, purchased services, and other amounts paid	-	(19,375,063)	(19,375,063)
Net Increase in Cash and investments - Net cash provided by operating activities	-	1,360,594	1,360,594
Cash and Investments - Beginning of year	358,637	12,879,619	13,238,256
Cash and Investments - End of year	\$ 358,637	\$ 14,240,213	\$ 14,598,850
Reconciliation of Change in Net Position to Net Cash from Operating Activities			
Change in net position	\$ -	\$ 1,197,917	\$ 1,197,917
Adjustments to reconcile change in net position to net cash from operating activities -			
Changes in assets and liabilities:			
Provision for compensated absences, severance pay, and self-insurance liability	-	(204,722)	(204,722)
Prepaid and other assets	-	1,836	1,836
Accrued and other liabilities	-	365,563	365,563
Net cash and investments provided by operating activities	\$ -	\$ 1,360,594	\$ 1,360,594