

Ionia County Intermediate School District

Financial Statements

June 30, 2024



YEO & YEO

**BUSINESS SUCCESS
PARTNERS**

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Ionia County Intermediate School District
Members of the Board of Education and Administration
June 30, 2024

Members of the Board of Education

Linda Hoxie-Green – President

Randy Masterson – Vice President

Maury Geiger – Secretary

Brian Talbot – Treasurer

Kerry Possehn – Trustee

Administration

Ethan Ebenstein – Superintendent

Jamie Carnes – Director of Fiscal Services

Independent Auditors' Report

Management and the Board of Education
Ionia County Intermediate School District
Ionia, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ionia County Intermediate School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Ionia County Intermediate School District's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Ionia County Intermediate School District as of June 30, 2024, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the school district's proportionate share of the net pension liability, schedule of the school district's pension contributions, schedule of the school district's proportionate share of the net OPEB liability (asset), and schedule of the school district's OPEB contributions identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ionia County Intermediate School District's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The other supplementary information, as identified in the table of contents, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, as identified in the table of contents, 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 October 7, 2024 on our consideration of Ionia County Intermediate School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Ionia County Intermediate School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ionia County Intermediate School District's internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Alma, Michigan
October 7, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

Ionia County Intermediate School District

Management's Discussion and Analysis

For the Year Ended June 30, 2024

The management's discussion and analysis section of Ionia County Intermediate School District's (District) annual financial report provides the District's evaluation of its own financial performance during the year ended June 30, 2024. Management's discussion and analysis should be read in conjunction with the District's financial statements immediately following this section.

Using this Annual Report

The District's annual report consists of a series of financial statements and notes related to those statements. Financial statements are organized so the reader can understand the District's financial operations as a whole. *District-wide Financial Statements* provide information about the activities of the entire District, presenting both an aggregate view of the District's finances and a long-term view of those finances. Governmental activities statements explain how services were financed in the short-term, and explain how remaining funds can be used for future operations. *Fund Financial Statements* examine the District's operations in more detail than the district-wide financial statements.

The District's annual financial report includes the following financial statements and related information:

- Management's Discussion and Analysis (MD&A) (required supplementary information)
- Basic Financial Statements
 - District-wide Financial Statements
 - Fund Financial Statements
 - Notes to the Financial Statements
- Required Supplementary Information
 - Budgetary Comparison Schedules
 - Schedule of the School District's Proportionate Share of the Net Pension Liability
 - Schedule of the School District's Pension Contributions
 - Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
 - Schedule of the School District's OPEB Contributions
- Other Supplementary Information

Reporting the School District as a Whole – District-wide Financial Statements

The statement of net position, and the statement of activities, which appear first in the financial statements, report information on the financial condition of the District as a result of this year's activities. These statements record all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are recognized regardless of when cash is received or paid.

The statement of net position and the statement of activities report the governmental activities for the District, which encompass all the District's services, including instruction, supporting services, and community services. Property taxes, State Aid, and state and federal grants finance most of these activities.

Ionia County Intermediate School District
Management's Discussion and Analysis
For the Year Ended June 30, 2024

The statement of net position and the statement of activities report the District's net position as the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is a measurement of the District's financial health. Over time, increases or decreases in the District's net position – as reported in the statement of activities – are indicators of whether its financial health is improving or deteriorating. The District's primary goal is to provide services to students, local districts and constituents. As a result, one must consider many non-financial factors, such as the quality of services provided and the safety of the schools, to assess the overall health of the District.

Reporting the School District's Most Significant Funds – Fund Financial Statements

The District's fund financial statements provide detailed information about the most significant funds. Some funds are required to be established by State law and by bond covenants. However, the District establishes many other funds to help it control and manage money for particular purposes or to show that the District is meeting legal responsibilities for using certain taxes, grants and other money. The governmental funds of the District use the following accounting approach:

Governmental Funds – All of the 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. Governmental funds 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. Governmental fund statements provide a detailed short-term view of the operations of the District and the services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance District programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reported in a reconciliation.

Ionia County Intermediate School District
Management's Discussion and Analysis
For the Year Ended June 30, 2024

The School District as a Whole

The statement of net position, in Table 1, provides an overall perspective for the District's financial position as of June 30, 2023 and 2024:

Table 1	2023	2024
Assets		
Current and other assets	\$17,659,793	\$18,600,952
Capital assets, net of depreciation	13,456,491	17,313,697
Total assets	31,116,284	35,914,649
Deferred Outflows of Resources	16,964,248	14,764,659
Liabilities		
Current liabilities	5,546,563	6,984,090
Non-current liabilities	53,711,419	43,926,303
Total liabilities	59,257,982	50,910,393
Deferred Inflows of Resources	11,111,856	14,619,641
Net Position		
Net investment in capital assets	11,903,568	15,970,813
Restricted	5,729,526	7,204,736
Unrestricted (deficit)	(39,922,400)	(38,026,275)
Total net position	(\$22,289,306)	(\$14,850,726)

Current and other assets of the District increased \$941,159 mostly due to the District now having a net OPEB asset. Current liabilities increased by \$1,437,527. The net position of the District on June 30, 2023 and 2024 was (\$22,289,306) and (\$14,850,726), respectively. \$15,970,813 of the District's net position is reflected as net investment in capital assets for 2024. The District uses capital assets to provide services and these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Most of the debt will be repaid from money available from general operations. The unrestricted deficit (\$38,026,275) is most directly attributable to the net pension liability.

Ionia County Intermediate School District
Management's Discussion and Analysis
For the Year Ended June 30, 2024

The results of this year's operations as a whole are reported in the statement of activities, which reflects the changes in net position for fiscal years 2023 and 2024. Table 2 below summarizes the statement of activities:

Table 2	2023	2024
Revenues		
Program revenue:		
Charges for services	\$214,532	\$212,818
Operating grants and contributions	21,157,577	22,126,698
General revenue:		
Property taxes	12,201,954	13,024,209
State aid – unrestricted	521,291	547,356
Other	313,949	535,981
Total revenues	<u>34,409,303</u>	<u>36,447,062</u>
Function/Program Expenses		
Instruction	9,557,585	8,416,149
Supporting services	15,917,089	15,623,141
Community services	415,221	449,672
Interdistrict payments	3,369,500	4,482,053
Interest on long-term debt	43,825	37,467
Total function/program expenses	<u>29,303,220</u>	<u>29,008,482</u>
Change in net position	<u>\$5,106,083</u>	<u>\$7,438,580</u>

As reported in the statement of activities, the cost of all governmental activities this year totaled \$29,008,482 a decrease of \$294,738 from last year. The District's revenue increased \$2,037,759 from last year. Overall, the District experienced a change of net position of \$7,438,580 in the current year.

Ionia County Intermediate School District

Management's Discussion and Analysis

For the Year Ended June 30, 2024

The School District's Funds

The District's funds are used to control and manage money for particular purposes. Reviewing funds maintained by the District helps determine whether the District is being accountable for the resources it receives and can provide more insight into the District's overall financial health.

As the District completed the 2023-2024 fiscal year, governmental funds reported a combined fund balance of \$10,884,863, which is a decrease of \$1,238,834 from the prior year. That decrease is solely attributable to the spend down of our Capital Projects fund which has been used to help expand and create a safe space for our special education students. The General Fund, Special Education Fund and Vocational Education Fund experienced an increase in fund balance during the 2023-2024 fiscal year. All three funds continue to benefit from strong taxable value growth as well as continuing investments in education at the legislative level.

Budgetary Highlights

The Uniform Budget Act of the State of Michigan requires that the District's Board of Education adopt an original budget for the upcoming fiscal year by July 1st. As a matter of practice, the District amends its budget during the fiscal year. These revisions are made in order to recognize changes in revenues and expenditures. The following analysis describes the significant changes in the budget during the year.

The following changes occurred in the District's financial operations when comparing actual financial performance to the final budget projections for 2023-2024. Actual revenues including transfers were lower than final budget projections in the General Fund by \$30,842 or 0.50%. General Fund revenues typically vary due to grant funds being budgeted at year end, but not spent prior to the end of the fiscal year. Special Education revenues were higher than projected in the Special Education Fund by \$174,711 or 0.63%.

Actual expenditures (including transfers) were lower than final budget projections in the General Fund and Special Education Fund for the 2023-2024 year. General Fund expenditures (including transfers) were lower by \$82,533 or 1.40% due to the District allocating grant expenditures but not spending the full allocation. The Special Education Fund expenditures were lower by \$21,473 or 0.08%.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2023 and 2024, the District had \$13,456,491 and \$17,313,697 respectively, (net of depreciation), invested in a broad range of capital assets, including land, buildings and improvements, equipment and buses and other vehicles. The majority of the increase is related to the new ASD building. Further detail is included the notes to the financial statements.

**Ionia County Intermediate School District
Management's Discussion and Analysis
For the Year Ended June 30, 2024**

Debt

At June 30, 2023 and 2024, the District had \$1,902,295 and \$1,724,807 respectively, in long-term debt. The debt consisted of the following:

	<u>2023</u>	<u>2024</u>
Government obligation bonds	\$1,512,909	\$1,312,966
Financed purchase	40,014	29,918
Compensated absences	349,372	381,923
Total	<u>\$1,902,295</u>	<u>\$1,724,807</u>

Economic Factors and Next Year's Budget

The District relies on three main sources of revenue: property taxes, state funding and federal grants. The District is anticipating strong growth in our taxable value for 2024-2025, but future tax increases remain uncertain at this time. State revenues for the upcoming year are expected to increase with state categorical funds set aside for additional MPERS funding. The District has been able to increase fund balances in each of its funds by the rightsizing of staff and the continual monitoring of discretionary spending. The District has two years left on a three-year contract with union groups that will run through the 2025-2026 fiscal year. Currently, our long-term outlook remains positive with regards to financial stability. The District will continue to monitor revenue and expenses and will continue its practice of building long-term budgets so sound financial decisions can be made.

Request for Information

This financial report is designed to provide our stakeholders with a general overview of the District's finances and to show the District's accountability for the funding it receives. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to: Ionia County Intermediate School District, Business Office, 2191 Harwood Road, Ionia, MI 48846.

BASIC FINANCIAL STATEMENTS

Ionia County Intermediate School District
Statement of Net Position
June 30, 2024

	<u>Governmental Activities</u>
Assets	
Cash	\$ 12,741,803
Accounts receivable	2,636
Due from other governmental units	5,039,494
Inventory	1,651
Prepaid items	75,217
Capital assets not being depreciated	89,336
Capital assets - net of accumulated depreciation	17,224,361
Net OPEB asset	<u>740,151</u>
 Total assets	 <u>35,914,649</u>
 Deferred Outflows of Resources	
Deferred amount relating to the net pension liability	12,131,452
Deferred amount relating to the net OPEB asset	<u>2,633,207</u>
 Total deferred outflows of resources	 <u>14,764,659</u>
 Liabilities	
Accounts payable	958,733
Due to other governmental units	1,382,480
Payroll deductions and withholdings	238,601
Accrued expenditures	8,152
Accrued salaries payable	1,069,627
Unearned revenue	3,326,497
Long-term liabilities	
Net pension liability	42,201,496
Due within one year	268,328
Due in more than one year	<u>1,456,479</u>
 Total liabilities	 <u>50,910,393</u>

See Accompanying Notes to the Financial Statements

Ionia County Intermediate School District
Statement of Net Position
June 30, 2024

	<u>Governmental Activities</u>
Deferred Inflows of Resources	
Deferred amount relating to the net pension liability	\$ 8,298,783
Deferred amount relating to the net OPEB asset	<u>6,320,858</u>
 Total deferred inflows of resources	 <u>14,619,641</u>
 Net Position	
Net investment in capital assets	15,970,813
Restricted for:	
Special education	5,676,379
Vocational education	788,206
Other postemployment benefits	740,151
Unrestricted (deficit)	<u>(38,026,275)</u>
 Total net position	 <u>\$ (14,850,726)</u>

See Accompanying Notes to the Financial Statements

Ionia County Intermediate School District
Statement of Activities
For the Year Ended June 30, 2024

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Functions/Programs					
Governmental activities					
Instruction	\$ 8,416,149	\$ -	\$ 9,045,784	\$ -	\$ 629,634
Supporting services	15,623,141	212,655	13,080,914	-	(2,329,572)
Community services	449,672	163	-	-	(449,509)
Interdistrict payments	4,482,053	-	-	-	(4,482,053)
Interest and fiscal charges on long-term debt	<u>37,467</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(37,467)</u>
Total governmental activities	<u>\$ 29,008,482</u>	<u>\$ 212,818</u>	<u>\$ 22,126,698</u>	<u>\$ -</u>	<u>(6,668,966)</u>
General revenues					
Property taxes, levied for general purposes					304,204
Property taxes, levied for special education					10,982,404
Property taxes, levied for vocational education					1,737,601
State aid - unrestricted					547,356
Interest and investment earnings					<u>535,981</u>
Total general revenues					<u>14,107,546</u>
Change in net position					7,438,580
Net position - beginning					<u>(22,289,306)</u>
Net position - ending					<u>\$ (14,850,726)</u>

See Accompanying Notes to the Financial Statements

Ionia County Intermediate School District
Governmental Funds
Balance Sheet
June 30, 2024

	General Fund	Special Education Fund	Capital Project Fund Special Education	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash	\$ 3,582,022	\$ 4,328,288	\$ 2,748,207	\$ 2,083,286	\$ 12,741,803
Accounts receivable	-	2,636	-	-	2,636
Due from other funds	9,266	5,599	-	-	14,865
Due from other governmental units	1,180,558	3,643,027	-	215,909	5,039,494
Inventory	-	1,651	-	-	1,651
Prepaid items	16,575	52,826	-	5,816	75,217
Total assets	\$ 4,788,421	\$ 8,034,027	\$ 2,748,207	\$ 2,305,011	\$ 17,875,666
Liabilities					
Accounts payable	\$ 29,723	\$ 232,380	\$ 679,504	\$ 17,126	\$ 958,733
Due to other funds	5,049	9,239	-	577	14,865
Due to other governmental units	315,141	987,085	-	80,254	1,382,480
Payroll deductions and withholdings	32,987	189,998	-	15,616	238,601
Accrued salaries payable	59,645	916,739	-	93,243	1,069,627
Unearned revenue	3,270,934	22,207	-	33,356	3,326,497
Total liabilities	3,713,479	2,357,648	679,504	240,172	6,990,803

See Accompanying Notes to the Financial Statements

Ionia County Intermediate School District
Governmental Funds
Balance Sheet
June 30, 2024

	General Fund	Special Education Fund	Capital Project Fund Special Education	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances					
Non-spendable					
Inventory	\$ -	\$ 1,651	\$ -	\$ -	\$ 1,651
Prepaid items	16,575	52,826	-	5,816	75,217
Restricted for					
Debt service	-	-	-	99	99
Special education	-	5,621,902	-	-	5,621,902
Vocational education	-	-	-	782,390	782,390
Committed - student and school activities	-	-	-	155,255	155,255
Assigned					
Capital projects	-	-	2,068,703	1,121,279	3,189,982
Future year budgeted expenditures	68,381	-	-	-	68,381
Unassigned	989,986	-	-	-	989,986
 Total fund balances	 1,074,942	 5,676,379	 2,068,703	 2,064,839	 10,884,863
 Total liabilities and fund balances	 \$ 4,788,421	 \$ 8,034,027	 \$ 2,748,207	 \$ 2,305,011	 \$ 17,875,666

See Accompanying Notes to the Financial Statements

Ionia County Intermediate School District
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2024

Total fund balances for governmental funds	\$ 10,884,863
Total net position for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	89,336
Capital assets - net of accumulated depreciation	17,224,361
Net OPEB asset is not recorded as an asset in the governmental funds	740,151
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from the net pension liability	12,131,452
Deferred outflows of resources resulting from the net OPEB asset	2,633,207
Deferred inflows of resources resulting from the net pension liability	(8,298,783)
Deferred inflows of resources resulting from the net OPEB asset	(6,320,858)
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(8,152)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.	
Net pension liability	(42,201,496)
Compensated absences	(381,923)
Bonds payable	(1,312,966)
Other loans payable and liabilities	<u>(29,918)</u>
Net position of governmental activities	<u>\$ (14,850,726)</u>

See Accompanying Notes to the Financial Statements

Ionia County Intermediate School District
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2024

	General Fund	Special Education Fund	Capital Project Fund Special Education	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Local sources	\$ 660,999	\$ 12,558,829	\$ 127,384	\$ 1,919,688	\$ 15,266,900
Non-educational sources	25,686	15,184	-	-	40,870
State sources	4,024,981	9,607,114	-	1,003,267	14,635,362
Federal sources	281,016	3,684,964	-	89,731	4,055,711
Interdistrict sources	414,190	2,010,910	-	23,119	2,448,219
Total revenues	5,406,872	27,877,001	127,384	3,035,805	36,447,062
Expenditures					
Current					
Education					
Instruction	873,091	7,228,478	-	1,667,663	9,769,232
Supporting services	2,915,158	14,263,356	-	991,606	18,170,120
Community services	425,945	103,320	-	-	529,265
Intergovernmental payments	1,493,424	2,973,258	-	15,371	4,482,053
Capital outlay	-	-	4,437,000	48,405	4,485,405
Debt service					
Principal	1,252	8,178	-	180,666	190,096
Interest and other expenditures	251	1,640	-	57,834	59,725
Total expenditures	5,709,121	24,578,230	4,437,000	2,961,545	37,685,896
Excess (deficiency) of revenues over expenditures	(302,249)	3,298,771	(4,309,616)	74,260	(1,238,834)

See Accompanying Notes to the Financial Statements

Ionia County Intermediate School District
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2024

	General Fund	Special Education Fund	Capital Project Fund Special Education	Nonmajor Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses)					
Transfers in	\$ 562,237	\$ -	\$ 1,950,000	\$ 487,700	\$ 2,999,937
Transfers out	<u>(125,000)</u>	<u>(2,679,937)</u>	<u>-</u>	<u>(195,000)</u>	<u>(2,999,937)</u>
Total other financing sources (uses)	<u>437,237</u>	<u>(2,679,937)</u>	<u>1,950,000</u>	<u>292,700</u>	<u>-</u>
Net change in fund balances	134,988	618,834	(2,359,616)	366,960	(1,238,834)
Fund balances - beginning	<u>939,954</u>	<u>5,057,545</u>	<u>4,428,319</u>	<u>1,697,879</u>	<u>12,123,697</u>
Fund balances - ending	<u>\$ 1,074,942</u>	<u>\$ 5,676,379</u>	<u>\$ 2,068,703</u>	<u>\$ 2,064,839</u>	<u>\$ 10,884,863</u>

See Accompanying Notes to the Financial Statements

Ionía County Intermediate School District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2024

Net change in fund balances - Total governmental funds	\$ (1,238,834)
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Total change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense.

Depreciation and amortization expense	(378,243)
Capital outlay	4,235,449

Expenses are recorded when incurred in the statement of activities.

Interest	2,315
Compensated absences	(32,551)

The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.

Net change in net pension liability	6,862,027
Net change in deferrals of resources related to the net pension liability	(4,822,065)

The statement of net position reports the net OPEB asset and deferred outflows of resources and deferred inflows related to the net OPEB asset and OPEB changes. However, the amount recorded on the governmental funds equals actual OPEB contributions.

Net change in net OPEB asset	3,485,752
Net change in deferrals of resources related to the net OPEB asset	(885,309)

Proceeds from long-term financing liabilities are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are recorded as liabilities and amortized in the statement of activities. When debt refunding occurs, the difference in the carrying value of the refunding debt and the amount applied to the new debt is reported the same as regular debt proceeds or repayments, as a financing source or expenditure in the governmental funds. However, in the statement of net position, debt refunding may result in deferred inflows of resources or deferred outflows of resources, which are then amortized in the statement of activities.

Repayments of long-term debt	190,096
Amortization of premiums	19,943

Change in net position of governmental activities	\$ <u>7,438,580</u>
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Ionia County Intermediate School District
Notes to the Financial Statements
June 30, 2024

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Ionia County Intermediate School District (School District) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the School District's significant accounting policies:

Reporting Entity

The School District is governed by an elected five-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate component units of the School District. The School District has no component units.

District-wide Financial Statements

The School District's basic financial statements include both district-wide (reporting for the district as a whole) and fund financial statements (reporting the School District's major funds). The district-wide financial statements categorize all nonfiduciary activities as either governmental or business type. All of the School District's activities are classified as governmental activities.

The statement of net position presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The School District's net position is reported in three parts (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position.

The statement of activities reports both the gross and net cost of each of the School District's functions. The functions are also supported by general government revenues (property taxes and certain

intergovernmental revenues). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). The School District does not allocate indirect costs. In creating the district-wide financial statements the School District has eliminated interfund transactions.

The district-wide focus is on the sustainability of the School District as an entity and the change in the School District's net position resulting from current year activities.

Fund Financial Statements

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, unrestricted state aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

Ionia County Intermediate School District
Notes to the Financial Statements
June 30, 2024

The School District reports the following major governmental funds:

General Fund - The General Fund is used to record the general operations of the School District pertaining to education and those operations not required to be provided for in other funds.

Special Education Fund - The Special Education Fund consists of those activities involved in operating the programs necessary to provide for the education of students identified as needing special education services. The Fund's revenue sources include property taxes, federal and state sources, and inter-governmental reimbursements.

Capital Project Fund - Special Education - The Special Education Capital Project Fund is used to record bond proceeds and transfers from the Special Education Fund and the disbursement of invoices specifically for making improvements to existing facilities and purchasing new equipment.

Additionally, the School District reports the following fund types:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The School District's Special Revenue Funds include the Vocational Education Fund and Student/School Activity Fund.

Debt Service Funds - Debt Service Funds are used to record tax, interest, and other revenue and the payment of interest, principal, and other expenditures on long-term debt.

Capital Project Funds - The General Fund and Vocational Education Fund transfer funds to the capital project funds. The amounts accumulated in these funds are used to make improvements to existing facilities and purchase new equipment.

Assets, Liabilities and Net Position or Fund Balance

Receivables and Payables - Generally, outstanding amounts owed between funds are classified as "due from/to other funds." These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The School District considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2024, the rates are as follows per \$1,000 of assessed value.

General Fund	0.1300
Special Education Fund	4.6961
Vocational Education Fund	0.9875

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries.

The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due on or before February 14. Collections are forwarded to the School District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by county government and remitted to the School District.

Inventories and Prepaid Items - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed, rather than when purchased.

Ionia County Intermediate School District
Notes to the Financial Statements
June 30, 2024

Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the School District follows the consumption method, and they therefore are capitalized as prepaid items in both district-wide and fund financial statements.

Capital Assets - Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their acquisition value at the date of donation. The School District defines capital assets as assets with an initial individual cost in excess of \$5,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure assets. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	10 - 50 years
Equipment and furniture	5 - 10 years
Buses and other vehicles	5 - 15 years

Deferred Outflows of Resources - A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. For district-wide financial statements, the School District may report deferred outflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions relating to the net pension and OPEB liabilities (assets) are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. The School District also reported deferred outflows of resources for pension and OPEB contributions made after the measurement date. This amount will reduce the net pension and OPEB liabilities (assets) in the following year.

Compensated Absences - The liability for compensated absences reported in the district-wide statements consists of earned but unused accumulated sick leave benefits. A liability for these amounts is

reported in governmental funds as it come due for payment. 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.

Long-term Obligations - In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. In the School District's fund financial statements, the face amount of the debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses.

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

Postemployment Benefits Other Than Pensions - For purposes of measuring the net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. For this purpose, benefit payments (including refunds of employee

Ionia County Intermediate School District
Notes to the Financial Statements
June 30, 2024

contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources - A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period.

For governmental funds this may include unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period.

For district-wide financial statements this may include:

- Deferred inflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense.
- Deferred inflows of resources as a result of changes in assumptions relating to the net pension and OPEB liabilities (assets) are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans.
- Revenue received relating to the amounts included in the deferred outflows for payments related to MPERS Unfunded Actuarial Accrued Liabilities (UAAL) Stabilization defined benefit pension statutorily required contributions.

Fund Balance - In the fund financial statements, governmental funds report fund balances in the following categories:

Non-spendable - amounts that are not available in a spendable form.

Restricted - amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

Committed - amounts that have been formally set aside by the Board of Education for specific purposes. A fund balance commitment may be established, modified, or rescinded by a resolution of the Board of Education.

Assigned - amounts intended to be used for specific purposes, as determined by the board of education. The Board of Education has granted the Superintendent the authority to assign funds. Residual amounts in governmental funds other than the General Fund are automatically assigned by their nature.

Unassigned - all other resources; the remaining fund balances after non-spendable, restrictions, commitments, and assignments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the School District's policy is to consider restricted funds spent first.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the School District's policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

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, as well as deferred inflows and deferred outflows of resources at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Eliminations and Reclassifications

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund

Ionia County Intermediate School District
Notes to the Financial Statements
June 30, 2024

receivables and payables were eliminated to minimize the “grossing up” effect on assets and liabilities within the governmental activities column.

Adoption of New Accounting Standards

Statement No. 100, *Accounting Changes and Error Corrections*, improves the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. More understandable, reliable, relevant, consistent and comparable information will be provided to financial statement users for making decisions or assessing accountability. Additionally, the display and note disclosure requirements will result in more consistent, decision useful, understandable and comprehensive information for users about accounting changes and error corrections.

Upcoming Accounting and Reporting Changes

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for the year ending June 30, 2025.

Statement No. 102, *Certain Risk Disclosures*, requires organizations to provide users of the financial statements with essential information about risks related to the organization’s vulnerabilities due to certain concentrations or constraints. This statement is effective for the year ending June 30, 2025.

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing an organization’s accountability while also addressing certain application issues. This statement includes changes to management’s discussion and analysis, unusual or infrequent items, presentation of the proprietary fund statements of revenues, expenses, and changes in fund net position, major component unit information,

and budgetary comparison information. This statement is effective for the year ending June 30, 2026.

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

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year end, thereby canceling all encumbrances. These appropriations are reestablished at the beginning of the year.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. State law requires the School District to have its budget in place by July 1. A district is not considered in violation of the law if reasonable procedures are in use by the School District to detect violations.

Budgeted amounts are as originally adopted or as amended by the Board of Education throughout the year. Individual amendments were not material in relation to the original appropriations.

Excess of Expenditures over Appropriations

During the year, the School District incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

Function	Final Budget	Amount of Expenditures	Budget Variances
Special Education Fund			
Added needs	\$ 7,152,401	\$ 7,228,478	\$ 76,077

Ionia County Intermediate School District
Notes to the Financial Statements
June 30, 2024

Note 3 - Deposits and Investments

The School District's deposits and investments are as follows:

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 12,160,736
Investments in securities, mutual funds, and similar vehicles	580,792
Petty cash and cash on hand	<u>275</u>
Total	<u>\$ 12,741,803</u>

As of year end, the School District had the following investments:

Investment	Carrying Value	Maturities	Rating	Organization
External investment pools:				
Michigan Liquid Asset Fund (MILAF):				
MILAF + Portfolio				
Cash Management Class	\$ 492,954	< 60 days	AAAm	S&P
MAX Class	<u>87,838</u>	< 60 days	AAAm	S&P
	<u>\$ 580,792</u>			

The valuation method for investments measured at net asset value (NAV) per share (or its equivalent) is discussed below.

MILAF + Portfolio - Participation in the investment pool has not resulted in any unfunded commitments. Shares are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made provided the School District has sufficient shares to meet the redemption request. In the event of an emergency that would make the determination of net asset value not reasonably practical, the Trust's Board of Trustee's may suspend the right of withdrawal or postpone the date of payment. The net asset value ("NAV") per share of the MILAF+ Portfolio is calculated as of the close of business each business day by dividing the net position of that Portfolio by the number of its outstanding shares. It is the MILAF+ Portfolio's objective to maintain a

NAV of \$1.00 per share, however, there is no assurance that this objective will be achieved. The exact price for share transactions will be determined based on the NAV next calculated after receipt of a properly executed order. The number of shares purchased or redeemed will be determined by the NAV.

Interest rate risk - The School District does not have a formal investment policy to manage its exposure to fair value losses arising from changes in interest rates.

Credit risk - State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District has no investment policy that would further limit its investment choices.

Concentration of credit risk - The School District has no policy that would limit the amount that may be invested with any one issuer.

Custodial credit risk - deposits - In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of year end, \$13,384,190 of the School District's bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk - investments - For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of year end, none of the School District's investments were exposed to custodial credit risk.

Ionia County Intermediate School District
Notes to the Financial Statements
June 30, 2024

Note 4 - Capital Assets

A summary of the changes in governmental capital assets is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 89,336	\$ -	\$ -	\$ 89,336
Construction-in-progress	299,511	-	299,511	-
Total capital assets not being depreciated	388,847	-	299,511	89,336
Capital assets being depreciated				
Buildings and additions	15,243,309	4,393,174	-	19,636,483
Equipment and furniture	1,245,874	27,083	-	1,272,957
Buses and other vehicles	456,520	114,703	37,896	533,327
Total capital assets being depreciated	16,945,703	4,534,960	37,896	21,442,767
Less accumulated depreciation for				
Buildings and additions	2,426,183	308,017	-	2,734,200
Equipment and furniture	1,121,337	26,001	-	1,147,338
Buses and other vehicles	330,539	44,225	37,896	336,868
Total accumulated depreciation	3,878,059	378,243	37,896	4,218,406
Net capital assets being depreciated	13,067,644	4,156,717	-	17,224,361
Net capital assets	\$ 13,456,491	\$ 4,156,717	\$ 299,511	\$ 17,313,697

Depreciation expense of capital assets was charged to activities of the School District as follows:

Governmental activities

Instruction	\$ 128,603
Supporting services	242,076
Community services	7,565
Total governmental activities	<u>\$ 378,243</u>

Construction Contracts

At year end, the School District had an uncompleted construction contract. The remaining commitment on this construction contract was approximately \$1,120,472.

Note 5 - Interfund Receivables, Payables, and Transfers

Individual interfund receivable and payable balances at year end were:

Receivable Fund	Payable Fund	Amount
General Fund	Special Education Fund	\$ 9,239
General Fund	Nonmajor Governmental Funds	27
Special Education Fund	General Fund	5,049
Special Education Fund	Nonmajor Governmental Funds	550
		<u>\$ 14,865</u>

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

Management does not anticipate individual interfund balances to remain outstanding for periods in excess of one year.

Interfund transfers consist of the following:

	Transfers Out			Total
	General Fund	Special Education Fund	Nonmajor Governmental Funds	
Transfers in				
General Fund	\$ -	\$ 492,237	\$ 70,000	\$ 562,237
Capital Project Fund				
- Special Education	-	1,950,000	-	1,950,000
Nonmajor Governmental Funds	125,000	237,700	125,000	487,700
	<u>\$ 125,000</u>	<u>\$ 2,679,937</u>	<u>\$ 195,000</u>	<u>\$ 2,999,937</u>

Ionia County Intermediate School District
Notes to the Financial Statements
June 30, 2024

Interfund transfers primarily represent indirect cost reimbursements, funds transferred to cover debt service payments, and funds transferred for capital projects.

Note 6 - Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the components of unearned revenue are as follows:

Grant and categorical aid payments received prior to meeting all eligibility requirements	<u><u>\$ 3,326,497</u></u>
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Note 7 - Long-Term Debt

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. The State can withhold state aid if it has to make a bond payment on behalf of the School District related to qualified bonds. Other long-term obligations include compensated absences.

Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Bonds and notes payable					
General obligation bonds	\$ 1,430,000	\$ -	\$ 180,000	\$ 1,250,000	\$ 190,000
Premium on bonds	<u>82,909</u>	<u>-</u>	<u>19,943</u>	<u>62,966</u>	<u>19,943</u>
Total bonds payable	1,512,909	-	199,943	1,312,966	209,943
Notes from direct borrowings and direct placements					
Installment purchase agreement	40,014	-	10,096	29,918	10,689
Other liabilities					
Compensated absences	<u>349,372</u>	<u>80,247</u>	<u>47,696</u>	<u>381,923</u>	<u>47,696</u>
Total	<u>\$ 1,902,295</u>	<u>\$ 80,247</u>	<u>\$ 257,735</u>	<u>\$ 1,724,807</u>	<u>\$ 268,328</u>

For governmental activities, compensated absences and the installment purchase agreement are primarily liquidated by the General, Special Education and Vocational Education Funds.

General obligation bonds payable at year end, consist of the following:

\$1,895,000 serial bond due in annual installments of \$190,000 to \$230,000 through May 1, 2030, interest at 4.00%	<u><u>\$ 1,250,000</u></u>
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The installment purchase agreement consists of the following:

\$52,610 financed purchase due in annual installments of \$10,689 to \$7,912 through March 8, 2027, interest at 5.71%	<u><u>\$ 29,918</u></u>
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Interest expenditures for the fiscal year in the Debt Service Funds were \$57,200. All other funds had insignificant amounts of interest expenditures.

Ionia County Intermediate School District
Notes to the Financial Statements
June 30, 2024

Future principal and interest requirements for bonded debt and direct borrowings and direct placements are as follows:

Year Ending June 30,	Bonds		Notes from direct borrowings and direct placements	
	Principal	Interest	Principal	Interest
2025	\$ 190,000	\$ 50,000	\$ 10,689	\$ 2,024
2026	195,000	42,400	11,316	1,432
2027	205,000	34,600	7,913	805
2028	210,000	26,400	-	170
2029	220,000	18,000	-	-
2030	230,000	9,200	-	-
Total	<u>\$ 1,250,000</u>	<u>\$ 180,600</u>	<u>\$ 29,918</u>	<u>\$ 4,431</u>

The general obligation bonds are payable from the Debt Service Funds. As of year end, the fund had a balance of \$99 to pay this debt. Future debt and interest will be payable from future tax levies.

Compensated Absences

Vacation days are accumulated at variable rates for administrative employees and other full-time employees. The School District's policy allows employees to accumulate vacation days earned and carry the accumulation for an indefinite period of time into the future. Amounts accumulated are to be paid to the employee and recognized as an expense when vacation days are actually taken. The vacation pay liability at year end is \$65,250. The vacation pay liability is reflected in the district-wide financial statements.

Sick time is paid off at a daily rate upon termination if years of service requirements are met. The liability has been calculated and included in the government-wide financial statements using the termination method. Leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. The sick leave pay liability at year end is \$316,673.

The amount anticipated to be paid out over the next year is included within the amounts listed as due within one year.

Note 8 - Net Investment in Capital Assets

The composition of net investment in capital assets was as follows:

Capital assets	
Capital assets not being depreciated	\$ 89,336
Capital assets, net of accumulated depreciation	<u>17,224,361</u>
Total capital assets	<u>17,313,697</u>
Related debt	
General obligation bonds	(1,250,000)
Installment purchase agreements	(29,918)
Unamortized bond premiums	<u>(62,966)</u>
Total related debt	<u>(1,342,884)</u>
Net investment in capital assets	<u>\$ 15,970,813</u>

Note 9 - Risk Management

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

The School District is subject to the Michigan Employment Security Act and has elected to pay unemployment claims on a direct self-insured basis. Under this method, the School District must reimburse the Employment Commission for all benefits charged against the School District. The School District had \$1,662 of unemployment compensation expense for the year. No provision has been made for possible future claims.

Ionia County Intermediate School District
Notes to the Financial Statements
June 30, 2024

Note 10 - Pension Plan

Plan Description

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

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

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

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

Benefits Provided

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age

and service requirements. The System also provides disability and survivor benefits to DB plan members.

A DB plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account if applicable. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

Contributions

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2022 valuation will be amortized over a 16-year period beginning October 1, 2022 and ending September 30, 2038.

Ionia County Intermediate School District
Notes to the Financial Statements
June 30, 2024

The schedule below summarizes pension contribution rates in effect for plan year ended September 30, 2023.

Pension Contribution Rates		
Benefit Structure	Member	Employer
Basic	0.0 - 4.0%	20.16%
Member Investment Plan	3.0 - 7.0%	20.16%
Pension Plus	3.0 - 6.4%	17.24%
Pension Plus 2	6.2%	19.95%
Defined Contribution	0.0%	13.75%

Required contributions to the pension plan from the School District were \$4,699,332 for the year ending September 30, 2023.

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

At June 30, 2024, the School District reported a liability of \$42,201,496 for its proportionate share of the MPERS net pension liability. The net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2022. The School District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2023, the School District's proportion was 0.1304 percent, which was a decrease of .0001 percent from its proportion measured as of September 30, 2022.

For the plan year ending September 30, 2023, the School District recognized pension expense of \$4,303,073 for the measurement period. For the reporting period ending June 30, 2024, the School District recognized total pension contribution expense of \$5,408,648.

At June 30, 2024, the 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	Total
Difference between expected and actual experience	\$ 1,332,172	\$ (64,646)	\$ 1,267,526
Changes of assumptions	5,718,495	(3,297,154)	2,421,341
Net difference between projected and actual earnings on pension plan investments	-	(863,579)	(863,579)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	<u>1,077</u>	<u>(1,452,122)</u>	<u>(1,451,045)</u>
Total to be recognized in future	7,051,744	(5,677,501)	1,374,243
School District contributions subsequent to the measurement date	<u>5,079,708</u>	<u>(2,621,282)</u>	<u>2,458,426</u>
Total	<u>\$ 12,131,452</u>	<u>\$(8,298,783)</u>	<u>\$ 3,832,669</u>

Ionia County Intermediate School District
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Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. The School District will offset the contribution expense in the year ended June 30, 2025 with the 147c supplemental income received subsequent to the measurement date which is included in the deferred inflows of resources. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future Pension Expenses)	
2024	\$ 195,443
2025	131,248
2026	1,662,858
2027	<u>(615,306)</u>
	<u>\$ 1,374,243</u>

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2022
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return:
 - MIP and Basic Plans: 6.00% net of investment expenses
 - Pension Plus Plan: 6.00% net of investment expenses
 - Pension Plus 2 Plan: 6.00% net of investment expenses
- Projected Salary Increases: 2.75 - 11.55%, including wage inflation at 2.75%
- Cost-of-Living Pension Adjustments: 3% Annual Non-Compounded for MIP Members
- Mortality:
 - Retirees: PubT-2010 Male and Female Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
 - Active: PubT-2010 Male and Female Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2023 valuation. The total pension liability as of September 30, 2023, is based on the results of an actuarial valuation date of September 30, 2022, and rolled forward using generally accepted actuarial procedures, including the experience study.

Recognition period for liabilities is the average of the expected remaining service lives of all employees is 4.4406 years.

Recognition period for assets is 5 years.

Ionia County Intermediate School District
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Full actuarial assumptions are available in the 2023 MPSERS Annual Comprehensive Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.8%
Private Equity Pools	16.0	9.6%
International Equity	15.0	6.8%
Fixed Income Pools	13.0	1.3%
Real Estate and Infrastructure Pools	10.0	6.4%
Absolute Return Pools	9.0	4.8%
Real Return/Opportunistic Pools	10.0	7.3%
Short Term Investment Pools	2.0	0.3%
	<u>100.0%</u>	

*Long-term rates of return are net of administrative expenses and 2.7% inflation.

Rate of Return

For the plan year ended September 30, 2023, the annual money-weighted rate of return on pension plan investment, net of pension plan

investment expense, was 8.29%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 6.00% was used to measure the total pension liability (6.00% for the Pension Plus plan, 6.00% for the Pension Plus 2, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.00% (6.00% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan). The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 6.00% (6.00% for the Pension plus plan, 6.00% for the Pension Plus 2 plan), as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease 5.00%	Current Single Discount Rate Assumption 6.00%	1% Increase 7.00%
\$ 57,014,097	\$ 42,201,496	\$ 29,869,469

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Michigan Public School Employees' Retirement System (MPERS) Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS Annual Comprehensive Financial Report, available on the ORS website at www.michigan.gov/orsschools.

Payables to the Michigan Public School Employees' Retirement System (MPERS)

There were no significant payables to the pension plan that are not ordinary accruals to the School District.

Note 11 - Postemployment Benefits Other Than Pensions (OPEB)

Plan Description

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

The System's health plan provides all eligible retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

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

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

Benefits Provided

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

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

Under Public Act 300 of 2012, members were given the choice between continuing the 3% contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3% contribution and instead opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay healthcare

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expenses in retirement. Participants in the PHF are automatically enrolled in a 2% employee contribution into their 457 account as of their transition date, earning them a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.

Contributions

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

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2022 valuation will be amortized over a 16-year period beginning October 1, 2022 and ending September 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for plan year 2023.

OPEB Contribution Rates		
Benefit Structure	Member	Employer
Premium Subsidy	3.0%	8.07%
Personal Healthcare Fund (PHF)	0.0%	7.21%

Required contributions to the OPEB plan from the School District were \$1,019,226 for the year ended September 30, 2023.

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

At June 30, 2024, the School District reported an asset of \$740,151 for its proportionate share of the MPSERS net OPEB asset. The net OPEB asset was measured as of September 30, 2023, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 2022. The School District's proportion of the net OPEB asset was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2023, the School District's proportion was .1308 percent, which was an increase of .0012 percent from its proportion measured as of September 30, 2022.

For the plan year ending September 30, 2023, the School District recognized OPEB expense of \$(1,528,590) for the measurement period. For the reporting period ending June 30, 2024, the School District recognized total OPEB contribution expense of \$1,071,888.

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June 30, 2024

At June 30, 2024, the 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	Total
Difference between expected and actual experience	\$ -	\$(5,592,961)	\$(5,592,961)
Changes of assumptions	1,647,705	(198,415)	1,449,290
Net difference between projected and actual earnings on OPEB plan investments	2,257	-	2,257
Changes in proportion and differences between the School District contributions and proportionate share of contributions	<u>49,848</u>	<u>(529,482)</u>	<u>(479,634)</u>
Total to be recognized in future	1,699,810	(6,320,858)	(4,621,048)
School District contributions subsequent to the measurement date	<u>933,397</u>	<u>-</u>	<u>933,397</u>
Total	<u>\$ 2,633,207</u>	<u>\$(6,320,858)</u>	<u>\$(3,687,651)</u>

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as an addition to the OPEB asset in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future OPEB Expenses)	
2024	\$(1,548,376)
2025	(1,394,186)
2026	(588,493)
2027	(533,575)
2028	(373,067)
Thereafter	<u>(183,351)</u>
	<u><u>\$(4,621,048)</u></u>

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2022
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return: 6.00% net of investment expenses

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- Projected Salary Increases: 2.75 – 11.55%, including wage inflation of 2.75%
- Healthcare Cost Trend Rate: Pre-65: 7.50% Year 1 graded to 3.5% Year 15; Post-65: 6.25% Year 1 graded to 3.5% Year 15
- Mortality:
 - Retirees: PubT-2010 Male and Female Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
 - Active: PubT-2010 Male and Female Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Other Assumptions:

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

Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2023 valuation. The total OPEB liability as of September 30, 2023, is based on the results of an actuarial valuation date of September 30, 2022, and rolled forward using generally accepted actuarial procedures, including the experience study.

Recognition period for liabilities is the average of the expected remaining service lives of all employees in years is 6.5099.

Recognition period for assets in years is 5.0000.

Full actuarial assumptions are available in the 2023 MPSERS Annual Comprehensive Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on 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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real
		Rate of Return*
Domestic Equity Pools	25.0 %	5.8%
Private Equity Pools	16.0	9.6%
International Equity	15.0	6.8%
Fixed Income Pools	13.0	1.3%
Real Estate and Infrastructure Pools	10.0	6.4%
Absolute Return Pools	9.0	4.8%
Real Return/Opportunistic Pools	10.0	7.3%
Short Term Investment Pools	2.0	0.3%
	<u>100.0%</u>	

**Long-term rates of return are net of administrative expenses and 2.7% inflation.*

Ionia County Intermediate School District
Notes to the Financial Statements
June 30, 2024

Rate of Return

For the plan year ended September 30, 2023, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 7.94%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 6.00% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.00%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

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

1% Decrease	Current	1% Increase
5.00%	Discount Rate	7.00%
6.00%		
\$ 767,314	\$ (740,151)	\$ (2,035,669)

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

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

1% Decrease	Current Healthcare	1% Increase
Cost Trend Rate		
\$ (2,038,900)	\$ (740,151)	\$ 665,521

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2023 MPSERS Annual Comprehensive Financial Report, available on the ORS website at www.michigan.gov/orsschools.

Payables to the OPEB Plan

There were no significant payables to the OPEB plan that are not ordinary accruals to the School District.

Note 12 - Funds Held by Community Foundation

The School District has an endowment fund held by the Grand Rapids Community Foundation. As of June 30, 2024, the balance was \$122,093. Of this amount, \$26,939 is available to the School District, and the remaining is endowed with the Foundation.

Ionia County Intermediate School District
Notes to the Financial Statements
June 30, 2024

Note 13 - Contingent Liabilities

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time, although the School District expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the year June 30, 2024.

Note 14 - Tax Abatements

The School District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions and Payments in Lieu of Taxes (PILOT) granted by the City of Ionia, City of Portland, and Odessa Township. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities, and PILOT programs apply to multiple unit housing for citizens of low income and the elderly.

The School District's property tax revenues were not significantly affected by these programs for the fiscal year ended June 30, 2024.

There are no significant abatements made by the School District.

REQUIRED SUPPLEMENTARY INFORMATION

Ionia County Intermediate School District
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2024

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
Revenues				
Local sources	\$ 575,612	\$ 675,078	\$ 660,999	\$ (14,079)
Non-educational sources	55,750	37,100	25,686	(11,414)
State sources	3,232,257	4,032,038	4,024,981	(7,057)
Federal sources	27,659	276,663	281,016	4,353
Interdistrict sources	397,690	415,231	414,190	(1,041)
Total revenues	<u>4,288,968</u>	<u>5,436,110</u>	<u>5,406,872</u>	<u>(29,238)</u>
Expenditures				
Instruction				
Basic programs	933,124	878,039	873,091	(4,948)
Supporting services				
Pupil	60,847	70,149	69,664	(485)
Instructional staff	806,065	852,829	851,843	(986)
General administration	279,385	280,004	276,801	(3,203)
Business	798,922	850,291	845,030	(5,261)
Operations and maintenance	182,213	167,834	159,021	(8,813)
Pupil transportation services	43,421	177,036	177,036	-
Central	557,006	554,524	535,763	(18,761)
Community services	442,994	456,167	425,945	(30,222)
Intergovernmental payments	786,919	1,503,121	1,493,424	(9,697)
Debt service				
Principal	1,800	1,660	1,252	(408)
Interest and fiscal charges	775	-	251	251
Total expenditures	<u>4,893,471</u>	<u>5,791,654</u>	<u>5,709,121</u>	<u>(82,533)</u>
Excess (deficiency) of revenues over expenditures	<u>(604,503)</u>	<u>(355,544)</u>	<u>(302,249)</u>	<u>53,295</u>
Other Financing Sources (Uses)				
Transfers in	536,122	563,841	562,237	(1,604)
Transfers out	-	(125,000)	(125,000)	-
Total other financing sources (uses)	<u>536,122</u>	<u>438,841</u>	<u>437,237</u>	<u>(1,604)</u>
Net change in fund balances	(68,381)	83,297	134,988	51,691
Fund balance - beginning	<u>939,954</u>	<u>939,954</u>	<u>939,954</u>	<u>-</u>
Fund balance - ending	<u>\$ 871,573</u>	<u>\$ 1,023,251</u>	<u>\$ 1,074,942</u>	<u>\$ 51,691</u>

Ionia County Intermediate School District
Required Supplementary Information
Budgetary Comparison Schedule - Special Education Fund
For the Year Ended June 30, 2024

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
Revenues				
Local sources	\$ 12,180,800	\$ 12,513,451	\$ 12,558,829	\$ 45,378
Non-educational sources	26,979	15,247	15,184	(63)
State sources	8,391,658	9,488,762	9,607,114	118,352
Federal sources	3,566,462	3,673,208	3,684,964	11,756
Interdistrict sources	2,059,547	2,011,622	2,010,910	(712)
Total revenues	26,225,446	27,702,290	27,877,001	174,711
Expenditures				
Instruction				
Added needs	7,756,454	7,152,401	7,228,478	76,077
Supporting services				
Pupil	10,849,028	10,648,956	10,641,970	(6,986)
Instructional staff	1,405,142	1,431,882	1,423,949	(7,933)
General administration	230,557	232,616	230,166	(2,450)
School administration	245,080	253,299	252,927	(372)
Business	63,382	67,930	66,045	(1,885)
Operations and maintenance	779,796	731,278	715,336	(15,942)
Pupil transportation services	33,550	114,696	112,008	(2,688)
Central	918,107	834,433	820,955	(13,478)
Community services	13,118	118,305	103,320	(14,985)
Intergovernmental payments	2,610,554	2,999,828	2,973,258	(26,570)
Debt service				
Principal	25,000	8,500	8,178	(322)
Interest	5,000	1,675	1,640	(35)
Total expenditures	24,934,768	24,595,799	24,578,230	(17,569)
Excess (deficiency) of revenues over expenditures	1,290,678	3,106,491	3,298,771	192,280
Other Financing Sources (Uses)				
Transfers out	(1,710,122)	(2,683,841)	(2,679,937)	3,904
Net change in fund balances	(419,444)	422,650	618,834	196,184
Fund balance - beginning	5,057,545	5,057,545	5,057,545	-
Fund balance - ending	\$ 4,638,101	\$ 5,480,195	\$ 5,676,379	\$ 196,184

Ionia County Intermediate School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Measurement Date September 30th, of Each June Fiscal Year)

	June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
A. School District's proportion of the net pension liability (%)	0.1304%	0.1305%	0.1371%	0.1394%	0.1431%	0.1466%	0.1478%	0.1519%	0.1535%	0.1508%
B. School District's proportionate share of the net pension liability	\$ 42,201,496	\$ 49,063,523	\$ 32,461,119	\$ 47,890,799	\$ 47,376,791	\$ 44,061,299	\$ 38,295,085	\$ 37,903,535	\$ 37,504,292	\$ 33,223,028
C. School District's covered payroll	\$ 13,247,478	\$ 12,744,629	\$ 12,383,734	\$ 12,413,564	\$ 12,421,266	\$ 12,544,386	\$ 12,305,996	\$ 12,765,528	\$ 12,688,588	\$ 12,549,379
D. School District's proportionate share of the net pension liability as a percentage of its covered payroll	318.56%	384.97%	262.13%	385.79%	381.42%	351.24%	311.19%	296.92%	295.57%	264.74%
E. Plan fiduciary net position as a percentage of total pension liability	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

Note Disclosures

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2023.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2023.

Ionia County Intermediate School District
Required Supplementary Information
Schedule of the School District's Pension Contributions
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years

	For the Years Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
A. Statutorily required contributions	\$ 5,408,648	\$ 4,705,523	\$ 4,420,544	\$ 4,108,489	\$ 3,855,023	\$ 3,789,220	\$ 3,718,090	\$ 2,329,075	\$ 2,309,399	\$ 3,043,810
B. Contributions in relation to statutorily required contributions	<u>5,408,648</u>	<u>4,705,523</u>	<u>4,420,544</u>	<u>4,108,489</u>	<u>3,855,023</u>	<u>3,789,220</u>	<u>3,718,090</u>	<u>2,329,075</u>	<u>2,309,399</u>	<u>3,043,810</u>
C. Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
D. School District's covered payroll	\$ 13,765,025	\$ 13,134,452	\$ 12,931,826	\$ 12,230,353	\$ 12,629,156	\$ 12,352,253	\$ 12,575,593	\$ 12,267,204	\$ 12,232,641	\$ 12,782,188
E. Contributions as a percentage of covered payroll	39.29%	35.83%	34.18%	33.59%	30.52%	30.68%	29.57%	18.99%	18.88%	23.81%

Ionia County Intermediate School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Measurement Date September 30th, of Each June Fiscal Year)

	June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
A. School District's proportion of the net OPEB liability (asset) (%)	0.1308%	0.1296%	0.1361%	0.1393%	0.1416%	0.1471%	0.1484%			
B. School District's proportionate share of the net OPEB liability (asset)	\$ (740,151)	\$ 2,745,601	\$ 2,077,256	\$ 7,465,176	\$ 10,164,257	\$ 11,693,659	\$ 13,140,606			
C. School District's covered payroll	\$ 13,247,478	\$ 12,744,629	\$ 12,383,734	\$ 12,413,564	\$ 12,421,266	\$ 12,544,386	\$ 12,305,996			
D. School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-5.59%	21.54%	16.77%	60.14%	81.83%	93.22%	106.78%			
E. Plan fiduciary net position as a percentage of total OPEB liability	105.04%	83.09%	87.33%	59.44%	36.39%	42.95%	36.39%			

Note Disclosures

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2023.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2023.

Ionia County Intermediate School District
Required Supplementary Information
Schedule of the School District's OPEB Contributions
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years

	For the Years Ended June 30,							2017	2016	2015
	2024	2023	2022	2021	2020	2019	2018			
A. Statutorily required contributions	\$ 1,071,888	\$ 1,017,179	\$ 989,942	\$ 1,003,462	\$ 996,850	\$ 962,638	\$ 926,983			
B. Contributions in relation to statutorily required contributions	<u>1,071,888</u>	<u>1,017,179</u>	<u>989,942</u>	<u>1,003,462</u>	<u>996,850</u>	<u>962,638</u>	<u>926,983</u>			
C. Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
D. School District's covered payroll	\$ 13,765,025	\$ 13,134,452	\$ 12,931,826	\$ 12,230,353	\$ 12,629,156	\$ 12,352,253	\$ 12,575,593			
E. Contributions as a percentage of covered payroll	7.79%	7.74%	7.66%	8.20%	7.89%	7.79%	7.37%			

OTHER SUPPLEMENTARY INFORMATION

Ionia County Intermediate School District
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2024

	Special Revenue Funds		Debt Service Funds		Capital Projects Funds		Total Nonmajor Governmental Funds
	Vocational Education	Student/School Activity	2005 Debt Service	2019 Debt Service	General	Vocational Education	
Assets							
Cash	\$ 805,616	\$ 156,291	\$ 100	\$ -	\$ 267,078	\$ 854,201	\$ 2,083,286
Due from other governmental units	215,909	-	-	-	-	-	215,909
Prepaid items	5,816	-	-	-	-	-	5,816
Total assets	<u>\$ 1,027,341</u>	<u>\$ 156,291</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ 267,078</u>	<u>\$ 854,201</u>	<u>\$ 2,305,011</u>
Liabilities							
Accounts payable	\$ 16,089	\$ 1,036	\$ 1	\$ -	\$ -	\$ -	\$ 17,126
Due to other funds	577	-	-	-	-	-	577
Due to other governmental units	80,254	-	-	-	-	-	80,254
Payroll deductions and withholdings	15,616	-	-	-	-	-	15,616
Accrued salaries payable	93,243	-	-	-	-	-	93,243
Unearned revenue	33,356	-	-	-	-	-	33,356
Total liabilities	<u>239,135</u>	<u>1,036</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>240,172</u>
Fund Balances							
Non-spendable							
Prepaid items	5,816	-	-	-	-	-	5,816
Restricted for							
Debt service	-	-	99	-	-	-	99
Vocational education	782,390	-	-	-	-	-	782,390
Committed	-	155,255	-	-	-	-	155,255
Assigned	-	-	-	-	267,078	854,201	1,121,279
Total fund balances	<u>788,206</u>	<u>155,255</u>	<u>99</u>	<u>-</u>	<u>267,078</u>	<u>854,201</u>	<u>2,064,839</u>
Total liabilities and fund balances	<u>\$ 1,027,341</u>	<u>\$ 156,291</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ 267,078</u>	<u>\$ 854,201</u>	<u>\$ 2,305,011</u>

Ionia County Intermediate School District
Other Supplementary Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2024

	<u>Special Revenue Funds</u>		<u>Debt Service Funds</u>		<u>Capital Projects Funds</u>		<u>Total</u>
	<u>Vocational</u>	<u>Student/School</u>	<u>2005</u>	<u>2019</u>	<u>General</u>	<u>Vocational</u>	<u>Total</u>
	<u>Education</u>	<u>Activity</u>	<u>Debt Service</u>	<u>Debt Service</u>		<u>Education</u>	<u>Nonmajor</u>
							<u>Governmental</u>
							<u>Funds</u>
Revenues							
Local sources	\$ 1,782,776	\$ 99,674	\$ -	\$ -	\$ 5,906	\$ 31,332	\$ 1,919,688
State sources	1,003,267	-	-	-	-	-	1,003,267
Federal sources	89,731	-	-	-	-	-	89,731
Interdistrict sources	23,119	-	-	-	-	-	23,119
Total revenues	<u>2,898,893</u>	<u>99,674</u>	<u>-</u>	<u>-</u>	<u>5,906</u>	<u>31,332</u>	<u>3,035,805</u>
Expenditures							
Current							
Education							
Instruction	1,667,663	-	-	-	-	-	1,667,663
Supporting services	903,834	87,772	-	-	-	-	991,606
Intergovernmental payments	15,371	-	-	-	-	-	15,371
Capital outlay	-	-	-	-	-	48,405	48,405
Debt service							
Principal	666	-	180,000	-	-	-	180,666
Interest and other expenditures	134	-	57,200	500	-	-	57,834
Total expenditures	<u>2,587,668</u>	<u>87,772</u>	<u>237,200</u>	<u>500</u>	<u>-</u>	<u>48,405</u>	<u>2,961,545</u>
Excess (deficiency) of revenues over expenditures	<u>311,225</u>	<u>11,902</u>	<u>(237,200)</u>	<u>(500)</u>	<u>5,906</u>	<u>(17,073)</u>	<u>74,260</u>
Other Financing Sources (Uses)							
Transfers in	-	-	237,200	500	125,000	125,000	487,700
Transfers out	(195,000)	-	-	-	-	-	(195,000)
Total other financing sources (uses)	<u>(195,000)</u>	<u>-</u>	<u>237,200</u>	<u>500</u>	<u>125,000</u>	<u>125,000</u>	<u>292,700</u>
Net change in fund balances	116,225	11,902	-	-	130,906	107,927	366,960
Fund balances - beginning	<u>671,981</u>	<u>143,353</u>	<u>99</u>	<u>-</u>	<u>136,172</u>	<u>746,274</u>	<u>1,697,879</u>
Fund balances - ending	<u>\$ 788,206</u>	<u>\$ 155,255</u>	<u>\$ 99</u>	<u>\$ -</u>	<u>\$ 267,078</u>	<u>\$ 854,201</u>	<u>\$ 2,064,839</u>

Ionia County Intermediate School District
Other Supplementary Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2024

Year Ending June 30,	2019 Building and Site Bonds
2025	\$ 190,000
2026	195,000
2027	205,000
2028	210,000
2029	220,000
2030	<u>230,000</u>
Total	<u>\$ 1,250,000</u>
Principal payments due the first day of	May
Interest payments due the first day of	May and November
Interest rate	4.00%
Original issue	<u>\$ 1,895,000</u>