
Calhoun Intermediate School District

**Financial Report
with Supplementary Information
June 30, 2024**

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Independent Auditor's Report

To the Board of Education
Calhoun Intermediate School District

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Calhoun Intermediate School District as of June 30, 2024 and the respective changes in its 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Intermediate School District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

To the Board of Education
Calhoun Intermediate School District

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

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

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

Required Supplementary Information

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

Supplementary Information

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

To the Board of Education
Calhoun Intermediate School District

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2024 on our consideration of the Intermediate School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 the Intermediate School District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Plante & Moreau, PLLC". The signature is written in a cursive, flowing style.

October 8, 2024

This section of Calhoun Intermediate School District's (the "Intermediate School District") annual financial report presents our discussion and analysis of the Intermediate School District's financial performance during the year ended June 30, 2024. Please read it in conjunction with the Intermediate School District's financial statements, which immediately follow this section.

Using This Annual Report

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand Calhoun Intermediate School District financially as a whole. The government-wide financial statements provide information about the activities of the whole Intermediate School District, presenting both an aggregate view of the Intermediate School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term and what remains for future spending. The fund financial statements look at the Intermediate School District's operations in more detail than the government-wide financial statements by providing information about the Intermediate School District's most significant funds, the General Fund, the Special Education Fund, and the Vocational Education Fund, with all other funds presented in one column as nonmajor funds. This report is composed of the following elements:

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

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

Required Supplementary Information

Budgetary Comparison Schedule - General Fund

Budgetary Comparison Schedule - Major Special Revenue Funds

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

Schedule of Pension Contributions

Schedule of the Intermediate School District's Proportionate Share of the Net OPEB Liability (Asset)

Schedule of OPEB Contributions

Other Supplementary Information

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

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

Calhoun Intermediate School District

Management's Discussion and Analysis (Continued)

These two statements report the Intermediate School District's net position - the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, as reported in the statement of net position - as one way to measure the Intermediate School District's financial health or financial position. Over time, increases or decreases in the Intermediate School District's net position, as reported in the statement of activities, are indicators of whether its financial health is improving or deteriorating. The relationship between revenue and expenses is the Intermediate School District's operating results. However, the Intermediate School District's mission is to strengthen communities by providing educational leadership and services, not to generate profits as commercial entities do. The Intermediate School District accomplishes its mission through innovative partnerships, collaboration, technology, training, professional development, and research. It is the Intermediate School District's vision to provide leadership and educational services to constituent school districts and their residents.

The statement of net position and the statement of activities report the governmental activities for the Intermediate School District, which encompass all of the Intermediate School District's services, including instruction, support services, and community services. Property taxes, unrestricted state aid, and state and federal grants finance most of these activities.

The Intermediate School District offers a wide range of services focused on leadership and service. The Intermediate School District serves the schools and communities of its 12 public school districts, along with nonpublic schools and public school academies. That means serving nearly 67 school buildings, 21,107 students, and 6,129 educators and staff with programs and services that would be too costly to maintain at a district level. It also collaborates with and services other intermediate school districts, state agencies, businesses, and community partners. The mission of the Intermediate School District is to develop, coordinate, and provide quality educational services and experiences for its constituencies in an innovative and responsive manner, which will enable people to function effectively in a changing world.

Created by the state legislation in 1962 to serve local schools and act as a liaison between them and the Michigan Department of Education, the Intermediate School District is one of 56 intermediate school districts across the state and is known for its regional cooperation and the strength of its programs. The Intermediate School District is a shared community resource, providing an extensive network of supportive service that helps families and local schools enable children to become successful lifelong learners.

The Intermediate School District owns and operates the Doris Klaussen Developmental Center (DKDC) located in Battle Creek, Michigan. DKDC is an educational facility for students with physical and mental disabilities. The Intermediate School District also owns and operates the Calhoun Area Career Center (CACC), which is also located in Battle Creek, Michigan. This career technical education center is helping to teach and inspire the young minds of the future throughout Calhoun County. CACC provides instruction in the area of career and technical education for students in grades 11-13. As an educational advocate, the Intermediate School District helps make the needs of children and their schools known to community leaders, legislators, service agencies, and the media.

The Intermediate School District is one of 28 REMCs (Regional Education Media Centers). REMCs' purpose is to

- Improve learning for all students
- Support constituents and improve teaching and learning statewide through future-focused collaboration, leadership, and service
- Empower teachers to create high quality, engaging instructional environments when they have access to the necessary skills, tools, and rich sources of information
- Provide effective cost savings through statewide cooperative purchasing, which allows local resources to be relocated to enhance teaching and learning
- Advance statewide connectivity through delivery systems and infrastructure

Calhoun Intermediate School District

Management's Discussion and Analysis (Continued)

The Intermediate School District helps coordinate and operate the REMC Cooperative Acquisitions Projects, which are designed to establish statewide bid prices for AV equipment and supplies, office supplies, computer equipment, software, computer accessories, and library supplies. The results of this cooperative buying power are that statewide, local, and intermediate school districts have been able to save millions of tax dollars; the program saved the schools of Calhoun and Branch over \$2.3 million on educational pricing in 2023. This is one of many cooperative services that the Intermediate School District provides to support local educators.

Our Gifford/Schultz Educational Service Center hosts thousands of guests each year for training and professional meetings.

Calhoun Intermediate School District's Department of Technology (CDOT) has been providing technology services to local school districts since 1972. CDOT strives to be a leader in making technology transparent. This means that CDOT's goal is to computerize educational operations so that everyone can focus on their daily tasks without worrying about technology. The Intermediate School District, in partnership with Wayne Regional Educational Service Agency (RESA), provides administrative services to many of its constituent districts in the areas of student services, human resources, payroll, and finance. CDOT also provides technology assistance in computer repair, network servers, network engineering, internet access, video conferencing, and technology-focused professional development. CDOT is the primary technology support service provider for eight local school districts.

The Intermediate School District's finance department provides accounting services for one of its local districts. This includes being the support for budgeting, payroll, accounts payable, and other business office needs. This is accomplished as a cost-savings measure for the local district.

Reporting the Intermediate School District's Fund Financial Statements

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

Governmental Funds

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

Calhoun Intermediate School District

Management's Discussion and Analysis (Continued)

The Intermediate School District as a Whole

Recall that the statement of net position provides the perspective of the Intermediate School District as a whole. The following table provides a summary of the Intermediate School District's net position as of June 30, 2024 and 2023:

	Governmental Activities	
	2024	2023
	(in millions)	
Assets		
Current and other assets	\$ 78.4	\$ 65.8
Capital assets	11.8	9.4
Total assets	90.2	75.2
Deferred Outflows of Resources	29.1	38.9
Liabilities		
Current liabilities	21.3	18.5
Noncurrent liabilities	0.5	0.7
Net pension liability	89.0	106.9
Net OPEB liability	-	6.0
Total liabilities	110.8	132.1
Deferred Inflows of Resources	31.3	24.4
Net Position (Deficit)		
Net investment in capital assets	11.8	9.4
Restricted - Net OPEB asset	1.5	-
Unrestricted	(36.1)	(51.8)
Total net position (deficit)	<u>\$ (22.8)</u>	<u>\$ (42.4)</u>

The above analysis focuses on net position. The change in net position of the Intermediate School District's governmental activities is discussed below. The Intermediate School District's net position was \$(22.8) million at June 30, 2024. Net investment in capital assets totaling \$11.8 million compares the original cost, less depreciation of the Intermediate School District's capital assets, to long-term debt used to finance the acquisition of those assets.

The \$(36.1) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations, net of pension and OPEB liabilities (assets). The \$1.5 million in restricted net position of governmental activities represents the net OPEB asset.

Calhoun Intermediate School District

Management's Discussion and Analysis (Continued)

The results of this year's operations for the Intermediate School District as a whole are reported in the condensed statement of activities below, which shows the changes in net position for the years ended June 30, 2024 and 2023:

	Governmental Activities	
	2024	2023
	(in millions)	
Revenue		
Program revenue:		
Charges for services	\$ 2.4	\$ 2.3
Operating grants	54.4	45.9
General revenue:		
Taxes	31.8	29.2
State aid not restricted to specific purposes	14.3	13.9
Other	7.7	6.5
Total revenue	110.6	97.8
Expenses		
Instruction	8.4	10.5
Support services	52.2	48.2
Food services	0.1	0.1
Community services	4.6	4.4
Intergovernmental transfers	24.9	20.9
Depreciation expense (unallocated)	0.8	0.8
Total expenses	91.0	84.9
Change in Net Position	19.6	12.9
Net Position (Deficit) - Beginning of year	(42.4)	(55.3)
Net Position (Deficit) - End of year	<u>\$ (22.8)</u>	<u>\$ (42.4)</u>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$91.0 million. Certain activities were partially funded from those who benefited from the programs (\$2.4 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$54.4 million). We paid for the remaining public benefit portion of our governmental activities with \$31.8 million in taxes, \$14.3 million in state foundation allowance, and other revenue (i.e., interest and general entitlements).

The Intermediate School District experienced an increase in net position of \$19.6 million. Key reasons for the change in net position were a decrease in originally expected expenses due to vacancies and the change in assumptions for the pension liability. We present more detailed information about the Michigan Public School Employees' Retirement System in the notes to the financial statements.

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

The Intermediate School District's Funds

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

Calhoun Intermediate School District

Management's Discussion and Analysis (Continued)

As the Intermediate School District completed this year, the governmental funds reported a combined fund balance of \$55.5 million, which is an increase of \$8.3 million from last year. The primary reasons for the increase are as follows:

In the General Fund, our principal operating fund, fund balance increased by approximately \$3.2 million to \$14.9 million. The increase was due to increased interest revenue, increased state revenue, and increased instructional service revenue along with cost-containment measures. The General Fund fund balance is available to fund costs related to the Intermediate School District's operating purposes.

The Special Education Fund fund balance increased by approximately \$4.3 million to \$25.7 million. The increase was due to increased interest revenue and a significant increase in special education funding from the State, which resulted in not only additional revenue for Calhoun Intermediate School District, but also significantly reduced special education reimbursement costs to all Calhoun Intermediate School District local districts. Calhoun Intermediate School District also had many unfilled staff vacancies.

The Vocational Education Fund fund balance increased by approximately \$873 thousand to \$11.2 million. The increase was due to increased interest revenue and cost-containment measures.

Budgetary Highlights

Over the course of the year, the Intermediate School District revises its budget as it attempts to deal with unexpected changes in revenue and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted in June 2024. A schedule showing the Intermediate School District's original and final budget amounts compared with amounts actually paid and received is provided in the required supplementary information of these financial statements. There were no significant variances between the final budget and actual amounts.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2024, the Intermediate School District had \$11.8 million invested in a broad range of capital assets, including land, buildings, construction in progress, furniture, equipment, and vehicles. This amount represents a net increase (including additions, disposals, and depreciation) of approximately \$2.4 million from last year.

	<u>2024</u>	<u>2023</u>
Land	\$ 59,452	\$ 59,452
Construction in progress	4,223,395	1,829,725
Buildings and improvements	22,782,895	22,237,409
Furniture and equipment	3,952,070	4,090,913
Vehicles	<u>98,204</u>	<u>98,204</u>
Total capital assets	31,116,016	28,315,703
Less accumulated depreciation	<u>19,359,569</u>	<u>18,911,672</u>
Total capital assets - Net of accumulated depreciation	<u>\$ 11,756,447</u>	<u>\$ 9,404,031</u>

This year's additions include a welding expansion at the Calhoun Area Career Center, updates to audio and visual in conference rooms, security updates, and the continuation of a classroom/therapy pool addition at the Doris Klaussen Developmental Center. We present more detailed information about our capital assets in the notes to the financial statements.

Calhoun Intermediate School District

Management's Discussion and Analysis (Continued)

Debt

The only debt the Intermediate School District maintains is other obligations that include accrued vacation pay, sick leave, and self-insurance. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the Intermediate School District's 2024-2025 fiscal year budget.

The Intermediate School District is predicting to be fiscally stable next year. The State's infusion of special education funding will help to sustain the reimbursement of net special education costs to its constituent districts. Retirement costs are anticipated to remain stable, with the State infusing revenue to offset some of the costs. The Vocational Education Fund and CDOT Fund are expecting to have expenditures exceed revenue for the year ending June 30, 2025. The Intermediate School District is hoping that retirement and health insurance cost containment will continue to help decrease the deficit spending, but it appears that cost-containment measures will need to be addressed. The Intermediate School District's expenditures in excess of revenue will be absorbed from fund balance or through implemented cost-containment measures. The Intermediate School District has four union contracts negotiated for 2024-2025 with health insurance rate caps to help keep costs down.

These will be challenges to overcome, but the Intermediate School District feels it will be able to maintain the excellent services provided to its constituents.

Contacting the Intermediate School District's Management

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

Calhoun Intermediate School District

Statement of Net Position

June 30, 2024

	<u>Governmental Activities</u>
Assets	
Cash and investments (Note 4)	\$ 65,089,991
Receivables:	
Taxes receivable	18,288
Accounts receivable	248,925
Due from other governments	10,648,174
Inventory	2,359
Prepaid expenses	839,347
Net OPEB asset (Note 10)	1,527,262
Capital assets: (Note 6)	
Assets not subject to depreciation	4,282,847
Assets subject to depreciation - Net	<u>7,473,600</u>
Total assets	90,130,793
Deferred Outflows of Resources	
Deferred pension costs (Note 10)	24,141,767
Deferred OPEB costs (Note 10)	<u>5,006,702</u>
Total deferred outflows of resources	29,148,469
Liabilities	
Accounts payable	8,245,398
Due to other governmental units	226,516
Accrued payroll and other liabilities	2,550,925
Unearned revenue (Note 5)	10,295,609
Noncurrent liabilities:	
Due within one year (Note 8)	65,000
Due in more than one year (Note 8)	391,239
Net pension liability (Note 10)	<u>89,038,107</u>
Total liabilities	110,812,794
Deferred Inflows of Resources	
Revenue in support of pension contributions made subsequent to the report date (Note 10)	5,346,146
Deferred pension costs (Note 10)	12,691,383
Deferred OPEB costs (Note 10)	<u>13,285,869</u>
Total deferred inflows of resources	<u>31,323,398</u>
Net Position (Deficit)	
Net investment in capital assets	11,756,447
Restricted - Net OPEB asset	1,527,262
Unrestricted	<u>(36,140,639)</u>
Total net position (deficit)	<u><u>\$ (22,856,930)</u></u>

Calhoun Intermediate School District

Statement of Activities

Year Ended June 30, 2024

Functions/Programs	Program Revenue			Governmental
	Expenses	Charges for Services	Operating Grants and Contributions	Net Revenue (Expense) and Changes in Net Position
Primary government - Governmental activities:				
Instruction	\$ 8,351,949	\$ -	\$ 37,240,005	\$ 28,888,056
Support services	52,221,211	2,075,271	14,153,823	(35,992,117)
Food services	144,276	15,688	85,850	(42,738)
Community services	4,578,621	259,413	2,873,039	(1,446,169)
Intergovernmental transfers	24,819,382	-	-	(24,819,382)
Depreciation expense (unallocated) (Note 6)	842,950	-	-	(842,950)
Total primary government	\$ 90,958,389	\$ 2,350,372	\$ 54,352,717	(34,255,300)
General revenue:				
Taxes - Property taxes - Levied for general, special education, and vocational education purposes				31,797,552
State aid not restricted to specific purposes				14,302,990
Interest and investment earnings				2,947,232
State Medicaid funding - Unrestricted				2,421,305
Other				2,373,214
Total general revenue				53,842,293
Change in Net Position				19,586,993
Net Position (Deficit) - Beginning of year				(42,443,923)
Net Position (Deficit) - End of year				\$ (22,856,930)

Calhoun Intermediate School District

Governmental Funds Balance Sheet

June 30, 2024

	General Fund	Special Education Fund	Vocational Education Fund	Nonmajor Funds	Total Governmental Funds
Assets					
Cash and investments (Note 4)	\$ 20,281,591	\$ 30,043,636	\$ 11,076,916	\$ 3,687,848	\$ 65,089,991
Receivables:					
Taxes receivable	742	13,263	4,283	-	18,288
Accounts receivable	132,305	22,166	93,073	1,381	248,925
Due from other governments	3,376,498	4,332,931	592,802	52,820	8,355,051
Due from other governmental units -					
Federal aid	1,364,319	770,668	155,366	2,770	2,293,123
Due from other funds (Note 7)	126,205	299,248	62,189	47,161	534,803
Inventory	-	-	-	2,359	2,359
Prepaid expenses	821,485	5,132	12,392	338	839,347
	\$ 26,103,145	\$ 35,487,044	\$ 11,997,021	\$ 3,794,677	\$ 77,381,887
Total assets					
Liabilities					
Accounts payable	\$ 2,487,942	\$ 5,583,398	\$ 157,584	\$ 16,474	\$ 8,245,398
Due to other governmental units	226,516	-	-	-	226,516
Due to other funds (Note 7)	404,524	93,611	25,596	11,072	534,803
Accrued payroll and other liabilities	255,489	1,794,738	500,405	293	2,550,925
Unearned revenue (Note 5)	7,796,365	2,349,215	150,029	-	10,295,609
	11,170,836	9,820,962	833,614	27,839	21,853,251
Total liabilities					
Fund Balances					
Nonspendable:					
Inventories	-	-	-	2,359	2,359
Prepaid expenses	821,485	5,132	12,392	338	839,347
Restricted:					
Special education	-	25,660,950	-	-	25,660,950
Vocational education	-	-	11,151,015	-	11,151,015
CDOT	-	-	-	3,714,672	3,714,672
Committed - Student activities	-	-	-	51,828	51,828
Unassigned	14,110,824	-	-	(2,359)	14,108,465
	14,932,309	25,666,082	11,163,407	3,766,838	55,528,636
Total fund balances					
Total liabilities and fund balances	\$ 26,103,145	\$ 35,487,044	\$ 11,997,021	\$ 3,794,677	\$ 77,381,887

Calhoun Intermediate School District

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

June 30, 2024

Fund Balances Reported in Governmental Funds	\$ 55,528,636
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are not financial resources and are not reported in the funds:	
Cost of capital assets	31,116,016
Accumulated depreciation	<u>(19,359,569)</u>
Net capital assets used in governmental activities	11,756,447
Some employee fringe benefits are payable over a long period of years and do not represent a benefit to (or a claim on) current financial resources; therefore, they are not reported as fund (liabilities) assets:	
Employee compensated absences	(391,239)
Provision for self-insurance	(65,000)
Net pension liability and related deferred inflows and outflows	(77,587,723)
Net OPEB asset and related deferred inflows and outflows	(6,751,905)
Revenue in support of pension contributions made subsequent to the measurement date is reported as a deferred inflow of resources in the statement of net position and is not reported in the funds	<u>(5,346,146)</u>
Net Position (Deficit) of Governmental Activities	<u><u>\$ (22,856,930)</u></u>

Calhoun Intermediate School District

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

Year Ended June 30, 2024

	General Fund	Special Education Fund	Vocational Education Fund	Nonmajor Funds	Total Governmental Funds
Revenue					
Local sources	\$ 4,776,829	\$ 26,897,831	\$ 8,057,656	\$ 2,157,359	\$ 41,889,675
State sources	18,284,954	19,025,253	3,454,505	282,468	41,047,180
Federal sources	15,298,414	7,696,410	626,718	94,228	23,715,770
Interdistrict	1,542,517	48,392	-	-	1,590,909
Total revenue	<u>39,902,714</u>	<u>53,667,886</u>	<u>12,138,879</u>	<u>2,534,055</u>	<u>108,243,534</u>
Expenditures					
Current:					
Instruction	169,960	7,892,743	4,890,584	-	12,953,287
Support services	20,390,326	25,350,112	5,109,924	2,941,436	53,791,798
Food services	-	-	-	144,276	144,276
Community services	4,725,657	67,916	-	-	4,793,573
Capital outlay	121,351	2,875,059	415,667	11,122	3,423,199
Intergovernmental transfers	11,544,696	12,880,280	394,406	-	24,819,382
Total expenditures	<u>36,951,990</u>	<u>49,066,110</u>	<u>10,810,581</u>	<u>3,096,834</u>	<u>99,925,515</u>
Excess of Revenue Over (Under) Expenditures	2,950,724	4,601,776	1,328,298	(562,779)	8,318,019
Total Other Financing Sources (Uses)					
Transfers in (Note 7)	1,193,516	450,910	-	567,825	2,212,251
Transfers out (Note 7)	(971,110)	(785,796)	(455,345)	-	(2,212,251)
Total other financing sources (uses)	<u>222,406</u>	<u>(334,886)</u>	<u>(455,345)</u>	<u>567,825</u>	<u>-</u>
Net Change in Fund Balances	3,173,130	4,266,890	872,953	5,046	8,318,019
Fund Balances - Beginning of year	<u>11,759,179</u>	<u>21,399,192</u>	<u>10,290,454</u>	<u>3,761,792</u>	<u>47,210,617</u>
Fund Balances - End of year	<u><u>\$ 14,932,309</u></u>	<u><u>\$ 25,666,082</u></u>	<u><u>\$ 11,163,407</u></u>	<u><u>\$ 3,766,838</u></u>	<u><u>\$ 55,528,636</u></u>

Calhoun Intermediate School District

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

Year Ended June 30, 2024

Net Change in Fund Balances Reported in Governmental Funds	\$ 8,318,019
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capitalized capital outlay	3,195,366
Depreciation expense	(842,950)
Revenue in support of pension contributions made subsequent to the measurement date	2,301,848
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	6,614,710
Change in Net Position of Governmental Activities	<u>\$ 19,586,993</u>

Note 1 - Nature of Business

Calhoun Intermediate School District (the "Intermediate School District") is an intermediate school district in the state of Michigan that provides educational services and support to 12 constituent districts and five public academies.

Note 2 - Significant Accounting Policies

Accounting and Reporting Principles

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

Reporting Entity

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

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

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

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

Fund Accounting

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

Governmental Funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. This includes the General Fund and special revenue funds. The Intermediate School District reports the following funds as major governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.

Note 2 - Significant Accounting Policies (Continued)

- The Special Education Fund is used to record all transactions associated with special education programs administered by the Intermediate School District, as well as payments to local districts within the Intermediate School District to fund special education activities. These programs are funded primarily by taxes, state aid categoricals, Medicaid funding, and federal grants.
- The Vocational Education Fund is used to account for resources that provide career technical education programs within the Intermediate School District. The Intermediate School District operates the Calhoun Area Career Center. These programs are funded primarily by taxes, state aid categoricals, and federal grants.

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

- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes. The Intermediate School District's nonmajor special revenue funds include the CDOT Fund, Student Activity Fund, and Food Service Fund. Revenue sources for the Food Service Fund include sales to customers and dedicated grants from state and federal sources. Revenue sources for the Student Activity Fund include fundraising revenue and donations earned and received by student groups. Revenue sources for the CDOT Fund are from dedicated grants from local sources. These programs are funded primarily by state and federal grants. Any operating deficit generated by these activities is the responsibility of the General Fund.

Interfund Activity

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

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

Basis of Accounting

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

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

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

Note 2 - Significant Accounting Policies (Continued)

Specific Balances and Transactions

Cash and Investments

Cash and investments include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value except for investments in external investment pools, which are stated at amortized value.

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. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements, when applicable.

Capital Assets

Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable column in the government-wide financial statements. Capital assets are defined by the Intermediate School District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Costs of normal repairs and maintenance that do not add to the value or materially extend asset life are not capitalized. The Intermediate School District does not have infrastructure-type assets.

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

Capital Assets	Depreciable Life - Years
Buildings and improvements	20-50
Furniture and equipment	5-10
Buses and other vehicles	5-10

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

Deferred Outflows/Inflows of Resources

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

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

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

Note 2 - Significant Accounting Policies (Continued)

The Intermediate School District reports deferred inflows related to revenue in support of pension contributions made subsequent to the measurement date and deferred pension and OPEB costs.

Net Position

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

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Intermediate School District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

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

Note 2 - Significant Accounting Policies (Continued)

Property Tax Revenue

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

Grants and Contributions

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

Pension and Other Postemployment Benefit (OPEB) Plans

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

Compensated Absences (Vacation and Sick Leave)

It is the Intermediate School District's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Sick pay is accrued for the estimated amount that the Intermediate School District will pay upon employment termination; vacation pay is accrued when incurred. Both of these are reported in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for employee retirements as of year end. Generally, the funds that report each employee's compensation are used to liquidate the obligations.

Use of Estimates

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

Note 2 - Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncements

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

In December 2023, the Governmental Accounting Standards Board issued Statement No. 102, *Certain Risk Disclosures*, which requires governments to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. It also requires governments to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If certain criteria are met for a concentration or constraint, disclosures are required in the notes to the financial statements. The provisions of this statement are effective for the Intermediate School District's financial statements for the year ending June 30, 2025.

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes new accounting and financial reporting requirements, or modifies existing requirements, related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The provisions of this statement are effective for the Intermediate School District's financial statements for the year ending June 30, 2026.

Note 3 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund and all special revenue funds. All annual appropriations lapse at fiscal year end. The budget document presents information by fund or function. The budget categories are different from the basic financial statements due to capital outlay being budgeted functionally. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the Intermediate School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. The Intermediate School District increased budgeted amounts during the year in response to changes in funding and related expenditures.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders and contracts) outstanding at year end are reported as restrictions, commitments, or assignments of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be reappropriated and honored during the subsequent year. At June 30, 2024, there were no outstanding encumbrances.

Excess of Expenditures Over Appropriations in Budgeted Funds

The Intermediate School District did not have significant excess expenditure over appropriations budget variances.

Note 4 - Deposits and Investments

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

The Intermediate School District has designated two financial institutions for the deposit and investment of its funds.

There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost except for a 1-day minimum investment period on MILAF cash management funds and a 14-day redemption limitation on MILAF MAX Class funds.

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Intermediate School District's deposits may not be returned to it. The Intermediate School District does not have a deposit policy for custodial credit risk. At year end, the Intermediate School District had bank deposits totaling \$2,193,122 (and checking accounts) that were uninsured and uncollateralized. The Intermediate School District believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Intermediate School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Intermediate School District's policy for custodial credit risk states that custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law and by prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which the Intermediate School District does not have investments with custodial credit risk of investments as of June 30, 2024.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Intermediate School District's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity. The Intermediate School District's policy minimized interest rate risk by requiring the structuring of the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market, and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the Intermediate School District's cash requirements.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Intermediate School District's policy does not further limit its investment choices. Michigan Liquid Asset Fund for cash management and MAX Class are valued at amortized cost.

Note 4 - Deposits and Investments (Continued)

Investment	Carrying Value	Rating	Rating Organization
Primary Government			
Michigan Liquid Asset Fund - Cash management	\$ 1,029	AAAm	S&P
Michigan Liquid Asset Fund - MAX Class	<u>64,293,685</u>	AAAm	S&P
Total	<u>\$ 64,294,714</u>		

Concentration of Credit Risk

The Intermediate School District places no limit on the amount the Intermediate School District may invest in any one issuer. The Intermediate School District's policy minimized concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. All investments held at year end are reported in the above schedule.

Foreign Currency Risk

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

Note 5 - Unavailable/Unearned Revenue

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the Intermediate School District had no unavailable revenue and had approximately \$10,296,000 of unearned revenue. Approximately \$7,500,000 of the unearned revenue related to state aid funding received but not earned in the current year. Remaining amounts relate to revenue related to local grants or pass-through state aid from which the revenue was not earned in the current fiscal year.

Note 6 - Capital Assets

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

Governmental Activities

	Balance July 1, 2023	Additions	Disposals	Balance June 30, 2024
Capital assets not being depreciated:				
Land	\$ 59,452	\$ -	\$ -	\$ 59,452
Construction in progress	1,829,725	2,393,670	-	4,223,395
Subtotal	1,889,177	2,393,670	-	4,282,847
Capital assets being depreciated:				
Buildings and improvements	22,237,409	672,048	(126,562)	22,782,895
Furniture and equipment	4,090,913	129,648	(268,491)	3,952,070
Buses and other vehicles	98,204	-	-	98,204
Subtotal	26,426,526	801,696	(395,053)	26,833,169
Accumulated depreciation:				
Buildings and improvements	15,262,250	686,720	(126,562)	15,822,408
Furniture and equipment	3,561,295	150,499	(268,491)	3,443,303
Buses and other vehicles	88,127	5,731	-	93,858
Subtotal	18,911,672	842,950	(395,053)	19,359,569
Net capital assets being depreciated	7,514,854	(41,254)	-	7,473,600
Net governmental activities capital assets	<u>\$ 9,404,031</u>	<u>\$ 2,352,416</u>	<u>\$ -</u>	<u>\$ 11,756,447</u>

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

Note 7 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due To	Fund Due From				Total
	General Fund	Special Education Fund	Vocational Education Fund	Nonmajor Governmental Funds	
Special Education Fund	\$ 295,174	\$ -	\$ -	\$ 4,074	\$ 299,248
Nonmajor governmental funds	47,161	-	-	-	47,161
General Fund	-	93,611	25,596	6,998	126,205
Vocational Education Fund	62,189	-	-	-	62,189
Total	\$ 404,524	\$ 93,611	\$ 25,596	\$ 11,072	\$ 534,803

Interfund balances represent routine and temporary cash assistance from the General Fund and allocation of costs between funds. Interfund balances owed to the nonmajor funds represent reimbursements for allocated expenditures.

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Note 7 - Interfund Receivables, Payables, and Transfers (Continued)

Interfund transfers reported in the fund financial statements are composed of the following:

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Special Education Fund	\$ 450,910
	Nonmajor governmental funds	520,200
	Total General Fund	971,110
Special Education Fund	General Fund	738,171
	Nonmajor governmental funds	47,625
	Total Special Education Fund	785,796
Vocational Education Fund	General Fund	455,345
	Total	<u>\$ 2,212,251</u>

Note 8 - Long-term Debt

Long-term debt activity for the year ended June 30, 2024 can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Vacation and sick pay liability	\$ 585,885	\$ 30,336	\$ (224,982)	\$ 391,239	\$ -
Self-insurance	65,000	152,953	(152,953)	65,000	65,000
Total governmental activities long-term debt	<u>\$ 650,885</u>	<u>\$ 183,289</u>	<u>\$ (377,935)</u>	<u>\$ 456,239</u>	<u>\$ 65,000</u>

Note 9 - Risk Management

The Intermediate School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Intermediate School District has purchased commercial insurance for general liability, health and dental (teachers), and life and long-term disability claims and participates in the MASB-SEG risk pool for claims relating to workers' compensation and property/casualty; the Intermediate School District is self-insured for vision and dental (nonteacher) claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past four fiscal years.

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

Note 9 - Risk Management (Continued)

The Intermediate School District estimates the liability for vision and dental (nonteacher) claims that have been incurred through the end of the fiscal year, including claims that have been reported and those that have not yet been reported. These estimates are recorded in the government-wide statements. Changes in the estimated liability for the past two fiscal years were as follows:

	2024	2023
Estimated liability - Beginning of year	\$ 65,000	\$ 67,000
Estimated incurred claims, including changes in estimates	152,953	147,880
Claim payments	(152,953)	(149,880)
Estimated liability - End of year	\$ 65,000	\$ 65,000

Note 10 - Michigan Public School Employees' Retirement System

Plan Description

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

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

Benefits Provided

Benefit provisions of the defined benefit (DB) pension plan and the postemployment health care plan are established by state statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit pension plan and the postemployment health care plan.

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

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

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

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

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

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

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

Contributions

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

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

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

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

The ranges of rates are as follows:

	Pension	OPEB
October 1, 2022 - September 30, 2023	13.75% - 20.16%	7.21% - 8.07%
October 1, 2023 - September 30, 2024	13.90% - 23.03%	7.06% - 8.31%

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

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

The Intermediate School District's required and actual pension contributions to the plan for the year ended June 30, 2024 were \$11,419,692, which includes the Intermediate School District's contributions required for those members with a defined contribution benefit. For the year ended June 30, 2024, the Intermediate School District's required and actual pension contributions include an allocation of \$5,346,146 in revenue received from the State of Michigan and remitted to the System to fund the MPSEERS unfunded actuarial accrued liability (UAAL) stabilization rate.

The Intermediate School District's required and actual OPEB contributions to the plan for the year ended June 30, 2024 were \$2,124,655, which includes the Intermediate School District's contributions required for those members with a defined contribution benefit.

Net Pension Liability

At June 30, 2024, the Intermediate School District reported a liability of \$89,038,107 for its proportionate share of the 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 as of September 30, 2022, which used update procedures to roll forward the estimated liability to September 30, 2023. The Intermediate School District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2023 and 2022, the Intermediate School District's proportion was 0.275 and 0.284 percent, representing a change of (3.26) percent.

Net OPEB Asset

At June 30, 2024, the Intermediate School District reported an asset of \$1,527,262 for its proportionate share of the net OPEB asset. The net OPEB asset for fiscal year 2024 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 as of September 30, 2022, which used update procedures to roll forward the estimated asset to September 30, 2023. The Intermediate School District's proportion of the net OPEB asset was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2023 and 2022, the Intermediate School District's proportion was 0.270 and 0.283 percent, representing a change of (4.55) percent.

June 30, 2024

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

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

For 2024, the Intermediate School District recognized pension expense of \$9,287,788, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2024, the Intermediate School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,810,661	\$ (136,392)
Changes in assumptions	12,065,069	(6,956,444)
Net difference between projected and actual earnings on pension plan investments	-	(1,822,008)
Changes in proportion and differences between the Intermediate School District's contributions and proportionate share of contributions	16,961	(3,776,539)
The Intermediate School District's contributions to the plan subsequent to the measurement date	9,249,076	-
Total	<u>\$ 24,141,767</u>	<u>\$ (12,691,383)</u>

The \$5,346,146 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ending June 30, 2025. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2025	\$ 181,151
2026	357,959
2027	3,234,016
2028	(1,571,818)
Total	<u>\$ 2,201,308</u>

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

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

For the year ended June 30, 2024, the Intermediate School District recognized OPEB recovery of \$2,827,864.

June 30, 2024

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

At June 30, 2024, the Intermediate School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (11,540,775)
Changes in assumptions	3,399,951	(409,418)
Net difference between projected and actual earnings on OPEB plan investments	4,657	-
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	17,951	(1,335,676)
Employer contributions to the plan subsequent to the measurement date	1,584,143	-
Total	\$ 5,006,702	\$ (13,285,869)

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

Years Ending	Amount
2025	\$ (3,247,332)
2026	(3,030,998)
2027	(1,208,074)
2028	(1,097,064)
2029	(848,923)
Thereafter	(430,919)
Total	\$ (9,863,310)

Actuarial Assumptions

The total pension liability and total OPEB liability as of September 30, 2023 are based on the results of an actuarial valuation as of September 30, 2022 and rolled forward. The total pension liability and OPEB liability were determined using the following actuarial assumptions:

Actuarial cost method		Entry age normal
Investment rate of return - Pension	6.00%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.00%	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55%	Including wage inflation of 2.75 percent
Health care cost trend rate - OPEB	6.25% - 7.50%	Year 1 graded to 3.5 percent in year 15
Mortality basis		PubT-2010 Male and Female Employee Mortality Tables, scaled 100 percent (retirees: 116 percent for males and 116 percent for females) and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Cost of living pension adjustments	3.00%	Annual noncompounded for MIP members

Assumption changes as a result of an experience study for the periods from 2017 through 2022 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2023 valuation.

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

Significant assumption changes since the prior measurement date, September 30, 2022, for the OPEB plans include a decrease in the health care cost trend rate of 0.25 percentage points for members under 65 and an increase of 1.0 percentage point for members over 65. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2022.

Discount Rate

The discount rate used to measure the total pension and OPEB liability was 6.00 percent as of September 30, 2023 depending on the plan option. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that district contributions will be made at statutorily required rates.

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	25.00 %	5.80 %
Private equity pools	16.00	9.60
International equity pools	15.00	6.80
Fixed-income pools	13.00	1.30
Real estate and infrastructure pools	10.00	6.40
Absolute return pools	9.00	4.80
Real return/opportunistic pools	10.00	7.30
Short-term investment pools	2.00	0.30
Total	100.00 %	

Long-term rates of return are net of administrative expense and inflation of 2.7 percent.

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

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

	1 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net pension liability of the Intermediate School District	\$ 120,290,221	\$ 89,038,107	\$ 63,019,591

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

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate

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

	1 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net OPEB liability (asset) of the Intermediate School District	\$ 1,583,312	\$ (1,527,262)	\$ (4,200,495)

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

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

	1 Percentage Point Decrease	Current Rate	1 Percentage Point Increase
Net OPEB (asset) liability of the Intermediate School District	\$ (4,207,160)	\$ (1,527,262)	\$ 1,373,266

Pension Plan and OPEB Plan Fiduciary Net Position

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

Payable to the Pension Plan and OPEB Plan

At June 30, 2024, the Intermediate School District reported a payable of \$537,309 and \$118,894 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2024.

Note 11 - Tax Abatements

The Intermediate School District receives reduced property tax revenue as a result of Industrial Facilities Tax exemptions (PA 198 of 1974) and Brownfield Redevelopment Agreements granted by cities, villages, and townships within the boundaries of the Intermediate School District. Industrial facility exemptions are intended to promote construction of new industrial facilities or to rehabilitate historical facilities; Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties.

For the fiscal year ended June 30, 2024, the Intermediate School District's property tax revenue was reduced by approximately \$756,000 under these programs.

The Intermediate School District is reimbursed for lost revenue caused by tax abatements on the operating millage of nonhomestead properties from the State of Michigan under the School Aid formula. The Intermediate School District received approximately \$548,000 in reimbursements from the State of Michigan. There are no abatements made by the Intermediate School District.

Required Supplementary Information

Calhoun Intermediate School District

Required Supplementary Information Budgetary Comparison Schedule General Fund

Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	\$ 3,902,663	\$ 4,680,142	\$ 4,776,829	\$ 96,687
State sources	18,032,876	18,401,478	18,284,954	(116,524)
Federal sources	16,506,940	15,422,796	15,298,414	(124,382)
Interdistrict	1,030,193	1,524,629	1,542,517	17,888
Total revenue	39,472,672	40,029,045	39,902,714	(126,331)
Expenditures				
Current:				
Instruction	61,561	145,507	169,960	24,453
Support services:				
Pupil	491,444	405,215	434,795	29,580
Instructional staff	14,801,067	15,294,208	15,144,983	(149,225)
General administration	558,916	590,673	539,910	(50,763)
Business	1,191,975	1,431,655	1,341,826	(89,829)
Operations and maintenance	340,962	253,080	205,285	(47,795)
Other	2,742,701	2,948,267	2,843,238	(105,029)
Community services	4,877,292	4,869,763	4,727,297	(142,466)
Intergovernmental transfers	13,803,570	11,832,077	11,544,696	(287,381)
Total expenditures	38,869,488	37,770,445	36,951,990	(818,455)
Excess of Revenue Over Expenditures	603,184	2,258,600	2,950,724	692,124
Other Financing Sources (Uses)				
Transfers in	1,079,083	1,237,370	1,193,516	(43,854)
Transfers out	(972,570)	(1,005,555)	(971,110)	34,445
Total other financing sources	106,513	231,815	222,406	(9,409)
Net Change in Fund Balance	709,697	2,490,415	3,173,130	682,715
Fund Balance - Beginning of year	11,759,179	11,759,179	11,759,179	-
Fund Balance - End of year	\$ 12,468,876	\$ 14,249,594	\$ 14,932,309	\$ 682,715

Calhoun Intermediate School District

Required Supplementary Information Budgetary Comparison Schedule - Major Special Revenue Funds Special Education Fund

Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	\$ 23,685,796	\$ 26,751,495	\$ 26,897,831	\$ 146,336
State sources	16,162,055	17,695,574	19,025,253	1,329,679
Federal sources	6,822,257	7,700,630	7,696,410	(4,220)
Interdistrict	50,114	48,375	48,392	17
Total revenue	46,720,222	52,196,074	53,667,886	1,471,812
Expenditures				
Current:				
Instruction - Added needs	8,213,410	7,865,788	7,892,743	26,955
Support services:				
Pupil	15,985,816	16,906,703	17,359,784	453,081
Instructional staff	3,590,328	4,328,436	3,815,328	(513,108)
General administration	32,484	32,500	25,725	(6,775)
School administration	429,671	439,309	435,178	(4,131)
Business	68,615	71,178	64,251	(6,927)
Operations and maintenance	1,105,120	1,100,613	1,062,387	(38,226)
Pupil transportation services	2,216,000	1,968,150	1,860,955	(107,195)
Central	717,319	725,264	726,504	1,240
Community services	104,117	67,917	67,916	(1)
Capital outlay	1,054,010	3,467,443	2,875,059	(592,384)
Intergovernmental transfers	12,738,860	12,612,572	12,880,280	267,708
Total expenditures	46,255,750	49,585,873	49,066,110	(519,763)
Excess of Revenue Over Expenditures	464,472	2,610,201	4,601,776	1,991,575
Other Financing Sources (Uses)				
Transfers in	429,438	450,910	450,910	-
Transfers out	(683,902)	(791,048)	(785,796)	5,252
Total other financing uses	(254,464)	(340,138)	(334,886)	5,252
Net Change in Fund Balance	210,008	2,270,063	4,266,890	1,996,827
Fund Balance - Beginning of year	21,399,192	21,399,192	21,399,192	-
Fund Balance - End of year	<u>\$ 21,609,200</u>	<u>\$ 23,669,255</u>	<u>\$ 25,666,082</u>	<u>\$ 1,996,827</u>

Calhoun Intermediate School District

Required Supplementary Information Budgetary Comparison Schedule - Major Special Revenue Funds Vocational Education Fund

Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	\$ 7,006,808	\$ 7,774,835	\$ 8,057,656	\$ 282,821
State sources	3,174,153	3,445,141	3,454,505	9,364
Federal sources	443,058	512,797	626,718	113,921
Total revenue	10,624,019	11,732,773	12,138,879	406,106
Expenditures				
Current:				
Instruction	5,111,197	5,086,597	4,890,584	(196,013)
Support services:				
Pupil	1,122,997	1,268,861	1,217,129	(51,732)
Instructional staff	657,286	630,098	630,922	824
General and school administration	879,914	755,172	700,560	(54,612)
Business	404,365	492,911	486,455	(6,456)
Operations and maintenance	980,123	1,189,905	1,158,319	(31,586)
Pupil transportation services	753,860	769,869	760,530	(9,339)
Central	185,912	160,230	156,009	(4,221)
Capital outlay	629,593	458,956	415,667	(43,289)
Intergovernmental transfers	425,239	342,428	394,406	51,978
Total expenditures	11,150,486	11,155,027	10,810,581	(344,446)
Excess of Revenue (Under) Over Expenditures	(526,467)	577,746	1,328,298	750,552
Other Financing Uses - Transfers out	(121,332)	(455,345)	(455,345)	-
Net Change in Fund Balance	(647,799)	122,401	872,953	750,552
Fund Balance - Beginning of year	10,290,454	10,290,454	10,290,454	-
Fund Balance - End of year	<u>\$ 9,642,655</u>	<u>\$ 10,412,855</u>	<u>\$ 11,163,407</u>	<u>\$ 750,552</u>

Calhoun Intermediate School District

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

	Last Ten Fiscal Years									
	Years Ended September 30									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Intermediate School District's proportion of the net pension liability	0.27510 %	0.28436 %	0.28449 %	0.29553 %	0.30648 %	0.29620 %	0.27918 %	0.27120 %	0.27629 %	0.26404 %
Intermediate School District's proportionate share of the net pension liability	\$ 89,038,107	\$ 106,942,845	\$ 67,353,516	\$ 101,519,020	\$ 101,496,014	\$ 89,042,613	\$ 72,347,481	\$ 67,662,131	\$ 67,484,016	\$ 58,157,284
Intermediate School District's covered payroll	\$ 27,032,789	\$ 27,552,880	\$ 25,725,338	\$ 25,740,561	\$ 26,875,064	\$ 26,424,331	\$ 23,876,342	\$ 22,927,708	\$ 23,411,890	\$ 22,716,866
Intermediate School District's proportionate share of the net pension liability as a percentage of its covered payroll	329.37 %	388.14 %	261.82 %	394.39 %	377.66 %	336.97 %	303.01 %	295.11 %	288.25 %	256.01 %
Plan fiduciary net position as a percentage of total pension liability	65.91 %	60.77 %	72.32 %	59.49 %	60.08 %	62.12 %	63.96 %	63.01 %	62.92 %	66.15 %

Calhoun Intermediate School District

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

	Last Ten Fiscal Years Years Ended June 30									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 5,346,146	\$ 7,647,994	\$ 9,919,962	\$ 8,224,840	\$ 7,972,169	\$ 7,880,532	\$ 7,737,113	\$ 6,624,777	\$ 6,307,341	\$ 4,967,787
Contributions in relation to the statutorily required contribution	5,346,146	7,647,994	9,919,962	8,224,840	7,972,169	7,880,532	7,737,113	6,624,777	6,307,341	4,967,787
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate School District's Covered Payroll	\$ 27,142,447	\$ 26,912,953	\$ 26,331,277	\$ 25,428,303	\$ 26,364,241	\$ 26,579,108	\$ 25,898,199	\$ 24,483,623	\$ 22,949,932	\$ 23,482,358
Contributions as a Percentage of Covered Payroll	19.70 %	28.42 %	37.67 %	32.35 %	30.24 %	29.65 %	29.88 %	27.06 %	27.48 %	21.16 %

Calhoun Intermediate School District

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

	Last Seven Plan Years Years Ended September 30						
	2023	2022	2021	2020	2019	2018	2017
Intermediate School District's proportion of the net OPEB (asset) liability	0.26998 %	0.28284 %	0.28344 %	0.28995 %	0.30719 %	0.31011 %	0.27939 %
Intermediate School District's proportionate share of the net OPEB (asset) liability	\$ (1,527,262) \$	5,990,829 \$	4,326,317 \$	15,533,409 \$	22,049,099 \$	24,650,228 \$	24,741,724
Intermediate School District's covered payroll	\$ 27,032,789 \$	27,552,880 \$	25,725,338 \$	25,740,561 \$	26,875,064 \$	26,424,331 \$	23,876,342
Intermediate School District's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	(5.65)%	21.74 %	16.82 %	60.35 %	82.04 %	93.29 %	103.62 %
Plan fiduciary net position as a percentage of total OPEB liability	105.04 %	83.09 %	88.87 %	59.76 %	48.67 %	43.10 %	36.53 %

Calhoun Intermediate School District

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

	Last Seven Fiscal Years						
	Years Ended June 30						
	2024	2023	2022	2021	2020	2019	2018
Statutorily required contribution	\$ 2,124,655	\$ 2,096,359	\$ 2,081,510	\$ 2,053,569	\$ 2,084,180	\$ 2,064,597	\$ 1,877,797
Contributions in relation to the statutorily required contribution	2,124,655	2,096,359	2,081,510	2,053,569	2,084,180	2,064,597	1,877,797
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate School District's Covered Payroll	\$ 27,142,447	\$ 26,912,953	\$ 26,331,277	\$ 25,428,303	\$ 26,364,241	\$ 26,579,108	\$ 25,898,199
Contributions as a Percentage of Covered Payroll	7.83 %	7.79 %	7.91 %	8.08 %	7.91 %	7.77 %	7.25 %

Pension Information

Benefit Changes

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

Changes in Assumptions

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

- 2023 - The valuation includes the impact of an updated experience study for periods from 2017 to 2022.
- 2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.80 percentage points.
- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.25 percentage points.
- 2018 - The discount rate used in September 30, 2017 actuarial valuation decreased by 0.45 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017.
- 2017 - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50 percentage points.

OPEB Information

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

Benefit Changes

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

Changes in Assumptions

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

- 2023 - The health care cost trend rate used in the September 30, 2023 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 1.00 percentage point for members over 65. In addition, actual per person health benefit costs were lower than projected. The valuation includes the impact of an updated experience study for periods from 2017 to 2022.
- 2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.95 percentage points. This resulted in a lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.1 billion in 2022.
- 2021 - The health care cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75 percentage points for members under 65 and decreased by 1.75 percentage points for members over 65. In addition, actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by \$1.3 billion in 2021.
- 2020 - The health care cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50 percentage points. This, in addition to actual per person health benefit costs being lower than projected, reduced the plan's total OPEB liability by an additional \$1.8 billion in 2020.

June 30, 2024

- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in a lower than projected per person health benefit cost to reduce the plan's total OPEB liability by an additional \$1.4 billion in 2019.
- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in a lower than projected per person health benefit cost to reduce the plan's total OPEB liability by \$1.4 billion in 2018.

Other Supplementary Information

Calhoun Intermediate School District

Other Supplementary Information Combining Balance Sheet Nonmajor Governmental Funds

June 30, 2024

	Special Revenue Funds			Total
	CDOT Fund	Food Service Fund	Student Activity Fund	
Assets				
Cash and investments	\$ 3,636,901	\$ -	\$ 50,947	\$ 3,687,848
Receivables	53,798	2,770	403	56,971
Due from other funds	44,111	-	3,050	47,161
Inventory	-	2,359	-	2,359
Prepaid expenses	338	-	-	338
Total assets	\$ 3,735,148	\$ 5,129	\$ 54,400	\$ 3,794,677
Liabilities				
Accounts payable	\$ 12,919	\$ 1,055	\$ 2,500	\$ 16,474
Due to other funds	6,926	4,074	72	11,072
Accrued payroll and other liabilities	293	-	-	293
Total liabilities	20,138	5,129	2,572	27,839
Fund Balances				
Nonspendable:				
Inventories	-	2,359	-	2,359
Prepaid expenses	338	-	-	338
Restricted - CDOT	3,714,672	-	-	3,714,672
Committed	-	-	51,828	51,828
Unassigned	-	(2,359)	-	(2,359)
Total fund balances	3,715,010	-	51,828	3,766,838
Total liabilities and fund balances	\$ 3,735,148	\$ 5,129	\$ 54,400	\$ 3,794,677

Calhoun Intermediate School District

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

Year Ended June 30, 2024

	Special Revenue Funds			Total
	CDOT Fund	Food Service Fund	Student Activity Fund	
Revenue				
Local sources	\$ 2,099,007	\$ 796	\$ 57,556	\$ 2,157,359
State sources	282,468	-	-	282,468
Federal sources	-	94,228	-	94,228
Total revenue	<u>2,381,475</u>	<u>95,024</u>	<u>57,556</u>	<u>2,534,055</u>
Expenditures				
Current:				
Support services	2,902,002	-	39,434	2,941,436
Food services	-	144,276	-	144,276
Capital outlay	11,122	-	-	11,122
Total expenditures	<u>2,913,124</u>	<u>144,276</u>	<u>39,434</u>	<u>3,096,834</u>
Excess of Revenue (Under) Over Expenditures	(531,649)	(49,252)	18,122	(562,779)
Other Financing Sources - Transfers in	<u>520,200</u>	<u>47,625</u>	<u>-</u>	<u>567,825</u>
Net Change in Fund Balances	(11,449)	(1,627)	18,122	5,046
Fund Balances - Beginning of year	<u>3,726,459</u>	<u>1,627</u>	<u>33,706</u>	<u>3,761,792</u>
Fund Balances - End of year	<u><u>\$ 3,715,010</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 51,828</u></u>	<u><u>\$ 3,766,838</u></u>