
Washtenaw Intermediate School District

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

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Independent Auditor's Report

To the Board of Education
Washtenaw 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 Washtenaw Intermediate School District (the "School District") as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise Washtenaw 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 Washtenaw Intermediate School District as of June 30, 2024 and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the 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 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
Washtenaw 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 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 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 Washtenaw Intermediate School District's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Board of Education
Washtenaw Intermediate School District

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2024 on our consideration of Washtenaw 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 Washtenaw 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 Washtenaw Intermediate School District's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 25, 2024

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 Washtenaw Intermediate School District financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the 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 School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds - the General Fund, the Special Education Fund, and the Cooperative Activities Fund - with the other governmental funds presented in one column as nonmajor funds. The proprietary fund statements offer short- and long-term financial information about activities the School District operates like a business. The statement of fiduciary net position and statement of changes in fiduciary net position present financial information about activities for which the School District acts solely as an agent for the benefit of others. 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 Information for Major Funds

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

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

Schedule of Washtenaw Intermediate School District's Pension Contributions

Schedule of Washtenaw Intermediate School District's OPEB Contributions

Other Supplementary Information

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

One of the most important questions asked about the School District is, "As a whole, what is the 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 School District's financial statements, report information on the 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.

These two statements report the 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 School District's financial health or financial position. Over time, increases or decreases in the 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 School District's operating results. However, the School District's goal is to provide services to local public school districts, teachers, and students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the services provided and the success in meeting the needs of the constituents, to assess the overall health of the School District.

Washtenaw Intermediate School District

Management's Discussion and Analysis (Continued)

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

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

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

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 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 School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in a reconciliation.

Proprietary Fund

Proprietary fund reporting focuses on the economic resources measurement and an accounting method called full accrual accounting. The proprietary fund statements present a long-term view of operations and the services it provides to other funds. The School District established proprietary funds for services for which the School District charges a fee intended to cover the entire cost of those services. One example is the Internal Service Fund, which is used to finance specific services provided to other funds of the School District on a cost-reimbursement basis. The specific services provided include health, dental, and vision insurance services.

Fiduciary Fund

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

Washtenaw Intermediate School District

Management's Discussion and Analysis (Continued)

The School District as a Whole

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

	Governmental Activities	
	2024	2023
	(in millions)	
Assets		
Current and other assets	\$ 122.3	\$ 92.0
Capital assets	58.6	59.9
Total assets	180.9	151.9
Deferred Outflows of Resources	45.6	54.7
Liabilities		
Current liabilities	57.8	41.1
Noncurrent liabilities	47.1	51.6
Net pension liability	109.0	122.5
Net OPEB liability	-	6.9
Total liabilities	213.9	222.1
Deferred Inflows of Resources	34.5	24.7
Net Position (Deficit)		
Net investment in capital assets	17.9	14.3
Restricted	6.4	4.1
Unrestricted	(46.2)	(58.6)
Total net position (deficit)	<u>\$ (21.9)</u>	<u>\$ (40.2)</u>

The above analysis focuses on net position. The change in net position of the School District's governmental activities is discussed below. The School District's net position was \$(21.9) million at June 30, 2024. Net investment in capital assets, totaling \$17.9 million, compares the original cost less depreciation of the School District's capital assets. Restricted net position is reported separately to show legal constraints from enabling legislation that limit the School District's ability to use that net position for day-to-day operations. The remaining amount of net position (\$(46.2) million) was unrestricted.

The \$(46.2) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The deficit in net position is largely due to the requirement to record the School District's share of the state multiemployer pension liability and OPEB asset on the government-wide financial statements.

Washtenaw Intermediate School District

Management's Discussion and Analysis (Continued)

The results of this year's operations for the 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	\$ 26.9	\$ 26.7
Operating grants	23.1	21.4
General revenue:		
Taxes	118.6	112.4
State aid not restricted to specific purposes	46.6	35.1
Other	9.6	5.6
Total revenue	224.8	201.2
Expenses		
Instruction	28.3	31.4
Support services	53.9	49.4
Food services	0.4	0.3
Community services	3.5	2.1
Interdistrict payments	116.1	109.5
Interest	1.1	1.3
Depreciation and amortization expense (unallocated)	3.2	3.6
Total expenses	206.5	197.6
Change in Net Position	18.3	3.6
Net Position (Deficit) - Beginning of year	(40.2)	(43.8)
Net Position (Deficit) - End of year	<u><u>\$ (21.9)</u></u>	<u><u>\$ (40.2)</u></u>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$206.5 million. Certain activities were partially funded from those who benefited from the programs (\$26.9 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$23.1 million). We paid for the remaining public benefit portion of our governmental activities with \$118.6 million in taxes, \$46.6 million in state foundation allowance, and other revenue (i.e., interest and general entitlements).

The School District experienced an increase in net position of \$18.3 million. The key reason for the change in net position was that the School District received approximately \$224.8 million in revenue while spending only \$206.5 million for the year ended June 30, 2024. It should be noted that the following contributed to less spending: Act 18 outgoing transfers to districts were limited based on submitted SE costs, outgoing transfers in lieu of ARP funds not requested, and the fact that local districts did not request all available Medicaid funds received by the School District. Additionally, the School District experienced a significant change in the net pension liability. These factors account for the majority of the change in net position, as well as reduced spending overall.

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

The School District's Funds

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

Washtenaw Intermediate School District

Management's Discussion and Analysis (Continued)

As the School District completed this year, the governmental funds reported a combined fund balance of \$60.0 million, which is an increase of \$12.4 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 \$1.8 million to \$6.9 million. The increase in fund balance is partially due to including \$274,000 of revenue that was deferred in 2022-2023 and instead recognized as revenue in 2023-2024. In addition, there was increased state aid UAAL funding during 2023-2024 of approximately \$178,700. Lastly, the School District spent less than it anticipated in areas such as technology and operations.

The Special Education Fund (special revenue fund) reported a fund balance of \$10.3 million this year, which is an increase of \$4.2 million from last year. The primary reasons for the increase are lower spending in areas of instructional staff support, return of taxes due to tribunal cases, technology, and capped Act 18 reimbursements to local districts as a result of not being able to reimburse more than they spent.

The fund balance of the Cooperative Activities Fund (special revenue fund) increased by \$3.9 million to \$26.8 million this year as a result of lower than anticipated Medicaid payouts to local districts per reimbursement requests. In addition, the WEOC, New World Software, and Tech Consortium programs spent less than anticipated.

The combined fund balance of the other nonmajor funds, primarily the capital projects funds, increased by approximately \$2.5 million. This increase is primarily due to lower than anticipated spending in areas of repairs during the year for the General Fund, the capital projects funds, and the debt service fund.

Major Governmental Fund Budgetary Highlights

Over the course of the year, the 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 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.

General Fund

The final revenue budget in the General Fund, including transfers in, of approximately \$42.2 million was increased by approximately \$12.7 million from the original budget and reflects the following significant changes:

- Federal, state and local revenue was approximately \$3,636,000, \$7,453,000, and \$2,593,000, respectively, more than originally budgeted due to being awarded unanticipated grants, receiving increases in grants included in the original budget, or being approved for carryover grant funds. The interdistrict revenue budget decreased by \$1,002,000 as a reflection of lower than originally projected participation in the MVU project and increases for other projects, such as Response to Teaching, CTE, and tricounty programs.
- The budget for state revenue was increased by \$502,000 due to receiving an increased allocation of UAAL funding. There will also be an increase in the expense budget to offset this revenue increase.
- The budget for local revenue was increased by \$473,000 related to interest income and \$37,000 for more than anticipated property taxes.

The General Fund actual revenue, including transfers in, was approximately \$35.5 million, which was approximately \$6.8 million less than the final amended budget of \$42.2 million. Significant reasons for this variance are as follows:

- Local, state, federal, and interdistrict/incoming transfer reimbursement-type grant and project revenue was approximately \$1,242,000, \$3,673,000, \$1,536,000, and \$320,000, respectively, less than budgeted, primarily due to expenditures being less than the full grant award or project revenue. These revenue and expenditures will be deferred until the next fiscal year.
- Interest income collections were more than anticipated by approximately \$5,000, but miscellaneous revenue and registration fees were \$20,000 less than anticipated.

Washtenaw Intermediate School District

Management's Discussion and Analysis (Continued)

- State revenue collections were more than anticipated by approximately \$178,000 due to receiving increased UAAL allocation after final budgets were adopted. There will also be an increase in the expense budget to offset this revenue increase.
- Property taxes were \$24,500 more than anticipated.

The final expenditures budget in the General Fund, including transfers out, of \$40.6 million was increased by approximately \$10.3 million from the original budget and reflects the following significant changes:

- As mentioned above, the federal, state and local revenue was approximately \$3,636,000, \$7,453,000, and \$2,593,000, respectively, more than originally budgeted due to being awarded unanticipated grants, receiving increases in grants included in the original budget, or being approved for carryover grant funds. Incoming transfer budgets decreased by \$507,000 as a reflection of lower than originally projected participation in the MVU project and increases for other projects, such as Response to Teaching, CTE, and tricounty programs.
- Position additions, vacancies, allocation of time changes, and fringe benefit costs were less than anticipated, resulting in a budget decrease of approximately \$587,000.
- Expenditures for local district school improvement, curriculum support, and assessment services were reduced due to more in house training by local leaders, and lower substitute reimbursement payments to districts were necessary, resulting in a reduction in the expenditure budget of approximately \$146,000.
- Anticipated contracted services, capital equipment replacements, travel, printing, and supplies budgets of approximately \$35,000 in the grants and development, event services, and superintendent/board departments were increased to cover contracted services in early childhood.
- Anticipated operations expense was less than anticipated, resulting in a budget decrease of approximately \$21,000.
- Budgeted expenditures for technology services were reduced by \$255,000 to reflect delayed shipping and lower than anticipated replacement of equipment and contract service needs.
- Budgeted indirect costs from receiving additional grants were \$105,000 more than originally budgeted.

The actual expenditures of the General Fund, including transfers out, were approximately \$33.6 million, which is about \$7.0 million less than the final amended budget of \$40.6 million. Significant reasons for this variance include the following:

- Local, state, federal, and interdistrict/incoming transfer reimbursement-type grant and project expenditures were approximately \$485,000, \$799,000, \$3,494,000, \$1,536,000, and \$320,000, respectively, less than budgeted, primarily due to expenditures being less than the full grant award or project revenue. These grant expenses will be deferred until the next fiscal year.
- Staff costs were more than anticipated by \$38,000 as a result of contractual payouts.
- Anticipated technology services and supplies purchases of approximately \$202,200 were not required or were postponed until next year.
- Expenditures for maintenance and operations, including repairs of buildings/equipment and utilities, were less than anticipated based on needs and less usage of electricity and gas by \$24,000.
- Expenditures for local district school improvement, curriculum support, and assessment services were \$28,000 more than anticipated based on school district requests for reimbursement of expenses, postponement of some work, and enhancement of local capacity to conduct professional development.
- Indirect costs were \$48,000 less than anticipated due to not fully expending grant allocations.

Washtenaw Intermediate School District

Management's Discussion and Analysis (Continued)

Special Education Fund

The final revenue budget in the Special Education Fund, including transfers in, of \$153.6 million was increased by approximately \$14.0 million from the original budget and reflects the following significant changes:

- Federal, state, local, and interdistrict/incoming transfer revenue was approximately \$3,306,000, \$6,491,000, \$4,080,000, and \$53,000, respectively, more than originally budgeted due to being awarded unanticipated grants, receiving increases in grants included in the original budget, or being approved for carryover grant funds. The incoming transfer budget was reduced by \$11,000 as a result of LEA services being less than expected.
- The state revenue budget was increased by \$5,532,000 to reflect increases in state aid allocations for UAAL, ORS forfeiture funds, and additional state aid funds related to the prior year.
- The incoming transfer revenue budget for PD services was increased by \$65,000 to reflect more than anticipated services to LEAs (non-grant/ project).
- The revenue budget was increased to reflect higher than anticipated interest income of \$1,270,600 and higher than anticipated collections from the county in the amount of \$461,407 due to deferring the 2022-2023 payments not collected by August 31, 2023.
- The local revenue budget was increased by \$2,330,000 for tax collections, which were more than anticipated.
- The budget for fund modification was increased by \$151,000 to reflect higher transfers from Cooperative Projects WEOC programs due to higher costs than anticipated.

The actual revenue of the Special Education Fund, including transfers in, was approximately \$153.9 million, which is approximately \$0.3 million more than the final amended budget of \$153.6 million. Significant reasons for this variance include the following:

- Local, state, federal, and interdistrict/incoming transfer reimbursement-type grant and project revenue was approximately \$500,000, \$591,000, \$1,220,000, and \$116,000, respectively, less than budgeted, primarily due to expenditures being less than the full grant award or project revenue. These revenue and expenditures will be deferred until the next fiscal year.
- Actual tax collections and revenue in lieu of taxes were \$1,743,000 more than anticipated.
- Interest income collected was \$191,000 more than anticipated.
- Miscellaneous revenue was \$13,000 more than expected due to Pcard rebates, etc.
- The final state aid UAAL allocation was \$286,000 more than anticipated, and other state aid collections were \$55,000 more than expected.
- Fund modifications from WEOC were more than anticipated by approximately \$20,000 due to increased WEOC expenses.

The final expenditures budget in the Special Education Fund, including transfers out, of \$156.8 million was increased by approximately \$16.4 million from the original budget and reflects the following significant changes:

- As mentioned above, federal, state, local, and interdistrict/incoming transfer expenditures were approximately \$3,306,000, \$6,491,000, \$4,080,000, and \$53,000, respectively, more than originally budgeted due to being awarded unanticipated grants, receiving increases in grants included in the original budget, or being approved for carryover grant funds. The incoming transfers budget was reduced by \$11,000 as a result of LEA services being less than expected.

Washtenaw Intermediate School District

Management's Discussion and Analysis (Continued)

- Staff vacancies in all classes of employees were filled for less cost than originally anticipated, not filled, filled for a partial year, or covered by substitutes, and fringe benefit costs were less than anticipated, resulting in a reduction of the salary and benefit budgets of approximately \$3,708,000.
- Budgets for substitute staff decreased by \$863,000 as a reflection of inability to hire staff and replacements.
- Budgets for supplies, travel, and professional development increased by \$127,000 to reflect more staff and opportunities to travel and attend PD.
- Various general administrative and business contracted services and other expenditures were more than anticipated originally resulting in an increase of \$318,000 in budgeted expenses.
- Budgets for rent, utility costs, operations, and maintenance related expenditures were reduced by \$37,000 to align with actual anticipated costs in utilities and needed repairs.
- Budgeted expenditures for technology services were decreased by \$117,000 to reflect projects being delayed until next year.
- Budgeted expenditures for tax tribunal cases were reduced by \$150,000 to reflect lower anticipated tax refunds.
- Transfers to the Food Service Fund were \$97,000 more than anticipated, so the budget was increased to reflect this.
- The reimbursement to local school districts and other agencies for eligible special education costs was approximately \$17.4 million more than the amount budgeted, which was based on funds available for distribution estimates prior to the final budget amendment.

The actual expenditures of the Special Education Fund, including transfers out, were approximately \$151.8 million, which is about \$5.0 million less than the final amended budget of \$156.8 million. Significant reasons for this variance include the following:

- Local, state, federal, and interdistrict/incoming transfer reimbursement-type grant and project expenditures were approximately \$500,000, \$591,000, \$1,220,000, and \$116,000, respectively, less than budgeted, primarily due to expenditures being less than the full grant award or project revenue. These revenue and expenditures will be deferred until the next fiscal year.
- Instructional program and pupil support wages and benefits were under budget by approximately \$680,000 due to unfilled vacancies; the utilization of substitutes; contracting for services; and, correspondingly, benefits also being less than anticipated.
- Instructional program and pupil support contracted services, including substitute teachers and assistants, and supplies of approximately \$300,000 were not required or were postponed until the next fiscal year.
- Various general administrative and business contracted services and other expenditures were postponed, or the expenditures were less than anticipated, resulting in the expenditures being \$50,000 less than the budget.
- Repayments of property taxes due to State Tax Commission Tax Tribunal cases were less than the budgeted by \$91,000.
- Outgoing transfers for Act 18 and in lieu of ARP funds was \$3,158,000 less than expected.
- Rent, utility costs, operations, and maintenance related expenditures were \$24,000 less than anticipated
- Anticipated technology services and supplies purchases of approximately \$15,000 more than anticipated.
- Student transportation needs for field trips etc. were \$22,000 less than anticipated.

Washtenaw Intermediate School District

Management's Discussion and Analysis (Continued)

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2024 and 2023, the School District had \$58.6 million and \$59.9 million, respectively, invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This represents a net decrease (including additions, disposals, and depreciation) of approximately \$1.3 million from 2023 to 2024.

	Governmental Activities	
	2024	2023
Land	\$ 93,670	\$ 93,670
Nondepreciable land improvements	1,281,561	1,281,561
Buildings and improvements	50,817,251	50,839,740
Furniture and equipment	12,130,914	11,753,251
Buses and other vehicles	224,720	229,720
Lease assets - Buildings	13,002,859	11,811,938
Land improvements	1,936,163	1,930,221
Total capital assets	79,487,138	77,940,101
Less accumulated depreciation and amortization	20,878,208	18,082,009
Total capital assets - Net of accumulated depreciation and amortization	\$ 58,608,930	\$ 59,858,092

This year's additions of \$2.2 million were primarily capitalized furniture and equipment for High Point related to the 2019 School Building and Site Bonds, as well as lease assets related to leases entered into during the current year. We present more detailed information about our capital assets in Note 7 to the financial statements.

Debt

At the end of this year, the School District had \$29.2 million in bonds outstanding versus \$33.9 million in the previous year.

The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues qualified debt (i.e., debt backed by the State of Michigan), such obligations are not subject to this debt limit.

Other obligations include accrued sick leave, vacation benefits, lease liabilities and other long-term obligations. We present more detailed information about our long-term liabilities in Note 10 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the School District's 2024-2025 fiscal year budget. One of the most important factors affecting the operating budgets of intermediate school districts is property tax revenue.

Increases in property tax revenue on property that was on the tax rolls in the prior year are limited to a defined inflationary factor. For the 2024-2025 year, the inflationary factor is 4.0 percent. It is not anticipated that every individual property would increase by the full 4.0 percent, especially commercial property. New property added to the tax rolls provides additional financial resources for district operations and for funding support for our local school districts. Taking into account the property additions and the constitutional limit, the increase in property tax revenue for 2024-2025 over the 2023-2024 level is estimated to be approximately 4 percent in both the General Fund and the Special Education Fund.

Washtenaw Intermediate School District

Statement of Net Position

June 30, 2024

	Governmental Activities
Assets	
Cash and investments (Note 4)	\$ 81,120,653
Receivables:	
Property taxes receivable	607,635
Other receivables	166,126
Due from other governments	28,589,340
Inventory	9,765
Prepaid costs	383,181
Restricted assets (Note 9)	9,512,419
Net OPEB asset (Note 13)	1,955,264
Capital assets - Net (Note 7)	58,608,930
Total assets	180,953,313
Deferred Outflows of Resources	
Deferred pension costs (Note 13)	36,773,521
Deferred OPEB costs (Note 13)	8,832,001
Total deferred outflows of resources	45,605,522
Liabilities	
Accounts payable	32,645,998
Due to other governmental units	415,807
Accrued liabilities and other	7,005,147
Unearned revenue (Note 6)	17,853,104
Noncurrent liabilities:	
Due within one year (Note 10)	8,300,622
Due in more than one year (Note 10)	38,779,042
Net pension liability (Note 13)	108,976,345
Total liabilities	213,976,065
Deferred Inflows of Resources	
Revenue in support of pension contributions made subsequent to the measurement date (Note 13)	6,892,062
Deferred pension cost reductions (Note 13)	11,865,053
Deferred OPEB cost reductions (Note 13)	15,723,001
Total deferred inflows of resources	34,480,116
Net Position (Deficit)	
Net investment in capital assets	17,861,713
Restricted:	
Food service	16,255
Debt service	3,529,009
Capital projects	936,954
Net OPEB asset	1,955,264
Unrestricted	(46,196,541)
Total net position (deficit)	\$ (21,897,346)

Washtenaw Intermediate School District

Statement of Activities

Year Ended June 30, 2024

Functions/Programs	Program Revenue			Governmental
	Expenses	Charges for Services	Operating Grants and Contributions	Activities
				Net (Expense) Revenue and Changes in Net Position
Primary government - Governmental activities:				
Instruction	\$ 28,294,586	\$ 20,607,262	\$ 1,196,932	\$ (6,490,392)
Support services	53,858,499	5,457,323	3,106,141	(45,295,035)
Food services	432,996	4,779	389,600	(38,617)
Community services	3,466,358	827,960	1,482,147	(1,156,251)
Interdistrict payments	116,124,854	-	16,909,161	(99,215,693)
Interest	1,060,850	-	-	(1,060,850)
Depreciation and amortization expense (unallocated) (Note 7)	3,186,717	-	-	(3,186,717)
Total primary government	\$ 206,424,860	\$ 26,897,324	\$ 23,083,981	(156,443,555)
General revenue (expense):				
Taxes:				
Property taxes levied for general purposes				2,006,579
Property taxes levied for debt service				6,399,780
Property taxes levied for special education (ISD)				110,277,197
State aid not restricted to specific purposes				46,574,180
Federal grants and contributions not restricted to specific purposes				346,530
Interest and investment earnings				6,269,885
Penalties, interest, and other taxes				20,192
Loss on disposal of capital assets - Net of terminated lease right-of-use asset				(148,342)
Other				3,092,448
Total general revenue				174,838,449
Change in Net Position				18,394,894
Net Position (Deficit) - Beginning of year				(40,292,240)
Net Position (Deficit) - End of year				\$ (21,897,346)

Washtenaw Intermediate School District

Governmental Funds Balance Sheet

June 30, 2024

	General Fund	Special Education Fund	Cooperative Activities Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and investments (Note 4)	\$ 15,400,075	\$ 28,966,654	\$ 28,884,646	\$ 6,766,993	\$ 80,018,368
Receivables:					
Property taxes receivable	13,079	567,154	-	27,402	607,635
Other receivables	3,250	51,419	-	13,357	68,026
Due from other governments	14,953,988	13,047,975	546,169	41,208	28,589,340
Due from other funds (Note 8)	1,323,618	86,830	-	71,115	1,481,563
Inventory	-	-	-	9,765	9,765
Prepaid costs	88,471	225,187	66,403	3,120	383,181
Restricted assets (Note 9)	-	-	-	9,512,419	9,512,419
Total assets	\$ 31,782,481	\$ 42,945,219	\$ 29,497,218	\$ 16,445,379	\$ 120,670,297
Liabilities					
Accounts payable	\$ 6,388,203	\$ 25,707,835	\$ 227,434	\$ 322,526	\$ 32,645,998
Due to other governmental units	397,137	-	7,785	10,885	415,807
Due to other funds (Note 8)	-	-	1,574,777	128,387	1,703,164
Accrued liabilities and other	258,973	5,593,582	910,065	420	6,763,040
Unearned revenue (Note 6)	17,194,529	639,966	18,609	-	17,853,104
Total liabilities	24,238,842	31,941,383	2,738,670	462,218	59,381,113
Deferred Inflows of Resources -					
Unavailable revenue (Note 6)	608,474	660,671	4,653	26,049	1,299,847
Total liabilities and deferred inflows of resources	24,847,316	32,602,054	2,743,323	488,267	60,680,960
Fund Balances					
Nonspendable:					
Inventory	-	-	-	9,765	9,765
Prepaid costs	88,471	225,187	66,403	3,120	383,181
Restricted:					
Debt service	-	-	-	3,771,116	3,771,116
Capital projects	-	-	-	10,095,009	10,095,009
Special education	-	10,117,978	-	-	10,117,978
Food service	-	-	-	3,370	3,370
Committed:					
Capital projects	-	-	-	1,905,736	1,905,736
Cooperative activities	-	-	26,687,492	-	26,687,492
Student activities	-	-	-	168,996	168,996
Assigned - Budgeted use of fund balance in subsequent year	455,162	-	-	-	455,162
Unassigned	6,391,532	-	-	-	6,391,532
Total fund balances	6,935,165	10,343,165	26,753,895	15,957,112	59,989,337
Total liabilities, deferred inflows of resources, and fund balances	\$ 31,782,481	\$ 42,945,219	\$ 29,497,218	\$ 16,445,379	\$ 120,670,297

Washtenaw 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	\$ 59,989,337
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets and lease assets used in governmental activities are not financial resources and are not reported in the funds:	
Cost of assets	79,487,138
Accumulated depreciation and amortization	<u>(20,878,208)</u>
Net capital assets and lease assets used in governmental activities	58,608,930
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	1,299,847
Bonds payable and lease liabilities are not due and payable in the current period and are not reported in the funds	(45,156,249)
Accrued interest is not due and payable in the current period and is not reported in the funds	(242,107)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(755,423)
Net pension liability and related deferred inflows and outflows	(84,067,877)
Retiree health care benefits and related deferred inflows and outflows	(4,935,736)
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	(6,892,062)
Other long-term liabilities, such as claims and judgments, do not present a claim on current financial resources and are not reported as fund liabilities	(323,502)
Internal service funds are included as part of governmental activities	<u>577,496</u>
Net Position (Deficit) of Governmental Activities	<u><u>\$ (21,897,346)</u></u>

Washtenaw Intermediate School District

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2024

	General Fund	Special Education Fund	Cooperative Activities Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenue					
Local sources	\$ 5,369,160	\$ 114,658,978	\$ 7,654,326	\$ 7,563,952	\$ 135,246,416
State sources	18,348,444	24,252,685	1,679,337	195,260	44,475,726
Federal sources	8,400,082	14,426,838	447,410	225,279	23,499,609
Interdistrict sources	3,276,110	290,128	16,673,832	-	20,240,070
Total revenue	35,393,796	153,628,629	26,454,905	7,984,491	223,461,821
Expenditures					
Current:					
Instruction	869,251	17,684,997	9,197,711	-	27,751,959
Support services	14,276,947	32,800,193	6,810,641	239,918	54,127,699
Food services	-	-	-	432,996	432,996
Community services	3,228,543	273,393	-	-	3,501,936
Debt service	-	1,090,145	526,657	6,407,200	8,024,002
Capital outlay	70,176	2,371,949	94,364	517,471	3,053,960
Interdistrict payments	15,157,387	97,012,671	3,954,796	-	116,124,854
Total expenditures	33,602,304	151,233,348	20,584,169	7,597,585	213,017,406
Excess of Revenue Over Expenditures	1,791,492	2,395,281	5,870,736	386,906	10,444,415
Other Financing Sources (Uses)					
Leases entered into (Note 10)	-	1,999,831	-	-	1,999,831
Transfers in (Note 8)	57,823	303,573	-	2,100,357	2,461,753
Transfers out (Note 8)	-	(530,879)	(1,930,874)	-	(2,461,753)
Total other financing sources (uses)	57,823	1,772,525	(1,930,874)	2,100,357	1,999,831
Net Change in Fund Balances	1,849,315	4,167,806	3,939,862	2,487,263	12,444,246
Fund Balances - Beginning of year	5,085,850	6,175,359	22,814,033	13,469,849	47,545,091
Fund Balances - End of year	\$ 6,935,165	\$ 10,343,165	\$ 26,753,895	\$ 15,957,112	\$ 59,989,337

Washtenaw 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	\$ 12,444,246
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	2,229,916
Depreciation and amortization expense	(3,186,717)
Net book value of assets disposed of	(292,361)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	(608,149)
Revenue in support of pension contributions made subsequent to the measurement date	2,114,424
Entering into leases provides current financial resources to governmental funds but increases long-term liabilities in the statement of net position	(1,999,831)
Repayment of bond principal and lease liabilities is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt and lease liabilities); amortization of premium/discounts are not expenses in the governmental funds	7,068,048
Interest expense is recognized in the government-wide statements as it accrues	39,123
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	1,177,094
Claims and similar costs that do not use current financial resources are not reported as expenditures in the governmental funds	(323,502)
Internal service funds are included as part of governmental activities	(267,397)
Change in Net Position of Governmental Activities	<u>\$ 18,394,894</u>

Washtenaw Intermediate School District

Proprietary Fund Statement of Net Position

June 30, 2024

Governmental
Activities
Internal Service
Fund

Assets

Current assets:

Cash and investments (Note 4)

Receivables

Due from other funds (Note 8)

Total assets

\$ 1,102,285
98,100
221,601

1,421,986

Liabilities - Self-insurance claims (Note 12)

844,490

Net Position - Unrestricted

\$ 577,496

Washtenaw Intermediate School District

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

Year Ended June 30, 2024

	<u>Governmental Activities Internal Service Fund</u>
Operating Revenue - Charges for services	\$ 6,435,108
Operating Expenses - Cost of insurance claims	<u>6,702,505</u>
Change in Net Position - Operating loss	(267,397)
Net Position - Beginning of year	<u>844,893</u>
Net Position - End of year	<u><u>\$ 577,496</u></u>

Washtenaw Intermediate School District

Proprietary Fund Statement of Cash Flows

Year Ended June 30, 2024

	<u>Governmental Activities Internal Service Fund</u>
Cash Flows from Operating Activities	
Charges for services	\$ 6,435,108
Claims paid	<u>(6,809,516)</u>
Net Decrease in Cash and Investments - Net cash used in operating activities	(374,408)
Cash and Investments - Beginning of year	<u>1,476,693</u>
Cash and Investments - End of year	<u>\$ 1,102,285</u>
Reconciliation of Operating Loss to Net Cash from Operating Activities	
Operating loss	\$ (267,397)
Adjustments to reconcile operating loss to net cash from operating activities - Changes in assets and liabilities:	
Due to other funds - Net	(62,308)
Accounts payable	<u>(44,703)</u>
Total adjustments	<u>(107,011)</u>
Net cash used in operating activities	<u>\$ (374,408)</u>

Washtenaw Intermediate School District

**Fiduciary Fund
Statement of Fiduciary Net Position**

June 30, 2024

	<u>Child Savings Fund</u>
Assets - Investments	\$ 769,410
Liabilities	<u>-</u>
Net Position - Restricted for individuals	<u>\$ 769,410</u>

Washtenaw Intermediate School District

Fiduciary Fund Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2024

	<u>Child Savings Fund</u>
Additions	
Investment income	\$ 58,737
Contributions	<u>710,673</u>
Net Increase in Fiduciary Net Position	769,410
Net Position - Beginning of year	<u>-</u>
Net Position - End of year	<u><u>\$ 769,410</u></u>

Note 1 - Nature of Business

Washtenaw Intermediate School District (the "School District") is an intermediate school district in the state of Michigan that provides a broad spectrum of services and support to various school districts within Washtenaw County.

Note 2 - Significant Accounting Policies

Accounting and Reporting Principles

The 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 School District:

Reporting Entity

The 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. All of the School District's government-wide activities are considered governmental activities.

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 and (2) operating grants and contributions. Taxes, intergovernmental payments, and other items not properly included among program revenue are reported instead as general revenue.

For the most part, the effect of interfund activity has been removed from these statements.

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

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 government 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, expenditures related to claims and judgments are recorded only when payment is due.

June 30, 2024

Note 2 - Significant Accounting Policies (Continued)

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

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

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

Fund Accounting

The School District accounts for its various activities in several different funds in order to demonstrate accountability for how we have spent certain resources; separate funds allow us 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, special revenue funds, and capital projects funds. The School District reports the following funds as major governmental funds:

- The General Fund is the School District's primary operating fund. It accounts for all financial resources of the School District except those required to be accounted for in another fund.
- The Special Education Fund (special revenue fund) is used to account for all the financial resources relating to the operations of special education programs of the School District. The Special Education Fund is funded primarily by property taxes and federal and state grant programs that are restricted to expenditure for specified purposes. Any operating deficit generated by these activities is the responsibility of the General Fund.
- The Cooperative Activities Fund (special revenue fund) is used to account for all of the financial resources relating to the operation of the W-A-Y Washtenaw, Early College Alliance, International Baccalaureate, county-wide software project, and Medicaid programs. The Cooperative Activities Fund is funded primarily by charges for services that are committed to expenditure for specified purposes. Any operating deficit generated by these activities is the responsibility of the General Fund.

Additionally, the School District reports the following fund types:

- The School District's nonmajor special revenue funds are the Food Service and the Student Activity funds. The Food Service special revenue fund is used to account for activities relating to the operation of the cafeteria. The Food Service Fund is funded primarily by charges for services and federal grant programs that are restricted to expenditure for specified purposes. Revenue sources for the Student Activity Fund include fundraising revenue and donations earned and received by student groups. Any operating deficit generated by these activities is the responsibility of the General Fund.

Note 2 - Significant Accounting Policies (Continued)

- The 2019 Bonds Capital Projects Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for the construction of the new High Point school and site. The fund operates until the purpose for which it was created is accomplished.
- The WEOC, General Education, and Special Education capital projects funds are used to record transfers from other funds and other revenue and the disbursement of funds specifically designated for acquiring equipment and for major remodeling and repairs. The funds operate until the purpose for which they were created is accomplished. The Special Education capital projects fund was funded through transfers from the Special Education Fund, and, accordingly, its expenditures are restricted to specified purposes.
- Debt service funds are used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on long-term debt.

Proprietary Fund

The School District has an Internal Service Fund, which is considered a proprietary fund and provides goods or services to other funds of the School District. The Internal Service Fund accounts for payments of self-insured health, dental, and vision insurance services provided to other departments of the School District on a cost-reimbursement basis.

Fiduciary Fund

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts will not be used to operate the School District's programs. The School District maintains a fiduciary fund to record Michigan Education Savings Program (MESP) funds held in a fiduciary capacity on behalf of eligible students within the intermediate school district. These funds are segregated and held in trust for the students.

Interfund Activity

During the course of operations, the 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.

Specific Balances and Transactions

Cash and Investments

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

Inventory and Prepaid Costs

Inventory is valued at cost on a first-in, first-out basis. Inventory of governmental funds is 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 costs in both government-wide and fund financial statements.

Note 2 - Significant Accounting Policies (Continued)

Restricted Assets

The unspent bond proceeds and related interest of the bonded capital projects funds require amounts to be set aside for construction. A debt service fund has been established and records assets specifically to be used for servicing of bonded debt. These amounts have been classified as restricted assets.

Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, furniture and equipment, and buses and other vehicles and lease assets (further defined in the *Leases* section below), are reported in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of five years. 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 repair and maintenance that do not add to the value or materially extend asset life are not capitalized.

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

	<u>Depreciable Life - Years</u>
Buildings, building additions, and land improvements	0-50
Buses and other vehicles	5-10
Furniture and other equipment	5-10
Lease assets - Buildings	Lease term

Long-term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bond using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances and premiums as other financing sources and bond discounts as other financing uses. The debt service funds are generally used to liquidate governmental long-term debt.

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 a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The School District has deferred outflows of resources 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 a future period and will not be recognized as an inflow of resources (revenue) until that time. The School District has deferred inflows of resources related to unavailable revenue, revenue in support of pension payments made subsequent to the measurement date, and deferred pension and OPEB costs.

Note 2 - Significant Accounting Policies (Continued)

Net Position

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

Fund Balance Flow Assumptions

The 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 government'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

The fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. The government 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 government's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the government that can, by adoption of an ordinance 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 government for specific purposes but do not meet the criteria to be classified as committed. The School District has, by resolution, authorized the assistant superintendent of business services 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)

The Board of Education has adopted a fund balance policy for the General Fund. The fund balance policy prescribes the minimum General Fund fund balance as 15 percent of annual operating expenditures in the General Fund. This is deemed to be the prudent amount to maintain the School District's ability to meet obligations as they come due throughout the year.

Property Tax Revenue

The School District has 37 taxing entities in which property taxes are levied and become a lien as of July 1 and December 1 and are due between August 1 and September 14 and between January 1 and February 1, respectively. An allowance has been established based on past collection history to provide for taxes that may be ultimately uncollectible. The revenue related to property taxes not collected within 60 days has been deferred in the accompanying financial statements.

Grants and Contributions

From time to time, the School District receives grants from the federal government; Washtenaw County, Michigan; and the State of Michigan, 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) Costs

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

Compensated Absences

The liability for compensated absences reported in the government-wide statements consists of earned but unused accumulated vacation and sick leave benefits. A liability for these amounts is reported in governmental funds as it comes due for payment. The liability has been calculated using the vesting methods, as outlined in the contractual agreements, in which leave amounts for both employees who are currently eligible to receive termination payments at normal retirement age and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

Proprietary Funds Operating Classification

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

Note 2 - Significant Accounting Policies (Continued)

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.

Leases

The School District is a lessee for noncancelable leases of buildings. The School District recognizes a lease liability and an intangible right-of-use lease asset (lease asset) in the government-wide financial statements.

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

Key estimates and judgments related to leases include how the School District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The School District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease, as well as options for extensions that the School District is reasonably certain to exercise. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the School District is reasonably certain to exercise.

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

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 School District's financial statements for the year ending June 30, 2025.

Note 2 - Significant Accounting Policies (Continued)

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 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 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. The presentation of the budget information and the basic financial statements is consistent except that capital outlay is presented within the functional categories in the budget. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the 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 School District amended budgeted amounts during the year in response to changes in budgeted expectations.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders and contracts) are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the School District incurred expenditures in the major special revenue funds that were significantly in excess of the amount budgeted as follows:

	Budget	Actual
Special Education Fund - Support services - Operations and maintenance	\$ 2,359,799	\$ 4,254,158
Cooperative Activities Fund - Support services - Operations and maintenance	287,220	630,505

These variances were primarily the result of new leases entered into during the year. Under GASB 87, *Leases*, the present value of future lease payments is recorded as capital outlay and other financing sources at lease inception. This activity was not included in the budget, resulting in the variances.

June 30, 2024

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

Capital Projects Fund Compliance

The 2019 Bonds Capital Projects Fund includes capital project activities funded with bonds. For this capital project, the School District has complied with the applicable provisions of §1351a of the Revised School Code. The fund is not yet considered substantially complete, and a subsequent year audit is expected.

Note 4 - Deposits and Investments

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

The School District has designated seven banks for the deposit of its funds.

There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost, 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 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 School District's deposits may not be returned to it. At year end, the School District's deposit balance of \$1,435,645 had bank deposits totaling \$935,645 (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The 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 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 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 School District will do business using the criteria established in the investment policy. The School District did not invest in uninsured and unregistered investment securities.

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 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 School District's policy minimizes 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; 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 School District's cash requirements.

Note 4 - Deposits and Investments (Continued)

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities are as follows:

Investment	Carrying Value	Rating	Rating Organization
Primary Government			
Michigan Liquid Asset Fund MAX Class	\$ 58,854,889	AAAm	Standard's & Poor's
Michigan Liquid Asset Fund Cash Mgmt Class	32,193,297	AAAm	Standard's & Poor's
Michigan CLASS	2,430	AAAm	Standard's & Poor's
Comerica Govt Cash Investment Fund J	2,919	Not rated	N/A
Total	<u>\$ 91,053,535</u>		

Concentration of Credit Risk

The School District places no limit on the amount the School District may invest in any one issuer. The School District's investment policy minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. The School District does not have any investments subject to concentration of credit risk.

Foreign Currency Risk

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

Note 5 - Fair Value Measurements

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

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

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

Investments in Entities that Calculate Net Asset Value per Share

The School District holds shares in the Michigan CLASS investment pool, for which the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment pool as a practical expedient.

Note 5 - Fair Value Measurements (Continued)

At June 30, 2024, the net asset value of the School District's investment in the Michigan CLASS pool was \$2,430. The Michigan CLASS investment pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated A1 or better), collateralized bank deposits, repurchase agreements (collateralized at 102 percent by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

Within the Child Savings Fund, a fiduciary fund, the School District invests in various enrollment year investment options under the Michigan Education Savings Program, for which the fair value of the investments is measured on a recurring basis using net asset value per share.

At June 30, 2024, the net asset value of the School District's investment in the Michigan Education Savings Program was \$768,249. The Michigan Education Savings Program enrollment year options invest primarily in equity funds and bond funds, diversified across industries and sectors. Each enrollment year investment option seeks to match its risk level to the investment time horizon based on expected enrollment into an eligible education institution.

Note 6 - Unavailable/Unearned Revenue

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

At June 30, 2024, the various components of unavailable and unearned revenue were as follows:

	Governmental Funds	
	Deferred Inflow - Unavailable	Liability - Unearned
Delinquent property taxes	\$ 570,214	\$ -
Grant receivables unavailable for use in the current period	110,099	-
Grant and categorical aid payment received prior to meeting all eligibility requirements	-	17,137,685
Other	619,534	715,419
Total	<u>\$ 1,299,847</u>	<u>\$ 17,853,104</u>

June 30, 2024

Note 7 - Capital Assets

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

	Balance July 1, 2023	Additions	Disposals and Adjustments	Balance June 30, 2024
Capital assets not being depreciated:				
Land	\$ 93,670	\$ -	\$ -	\$ 93,670
Land improvements	1,281,561	-	-	1,281,561
Subtotal	1,375,231	-	-	1,375,231
Capital assets being depreciated/amortized:				
Buildings and improvements	50,839,740	185,124	(207,613)	50,817,251
Furniture and equipment	11,753,251	569,457	(191,794)	12,130,914
Buses and other vehicles	229,720	-	(5,000)	224,720
Land improvements	1,930,221	71,250	(65,308)	1,936,163
Lease assets - Buildings	11,811,938	1,404,085	(213,164)	13,002,859
Subtotal	76,564,870	2,229,916	(682,879)	78,111,907
Accumulated depreciation and amortization:				
Buildings and improvements	9,557,822	1,537,851	(93,259)	11,002,414
Furniture and equipment	4,905,408	649,706	(148,081)	5,407,033
Buses and other vehicles	160,947	15,675	(5,000)	171,622
Land improvements	708,777	77,231	(58,913)	727,095
Accumulated amortization - Lease assets - Buildings	2,749,055	906,254	(85,265)	3,570,044
Subtotal	18,082,009	3,186,717	(390,518)	20,878,208
Net capital assets being depreciated/amortized	58,482,861	(956,801)	(292,361)	57,233,699
Net governmental activities capital assets	<u>\$ 59,858,092</u>	<u>\$ (956,801)</u>	<u>\$ (292,361)</u>	<u>\$ 58,608,930</u>

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

Note 8 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due To	Fund Due From		
	Cooperative Activities Fund	Nonmajor Governmental Funds	Total
General Fund	\$ 1,323,618	\$ -	\$ 1,323,618
Special Education Fund	86,830	-	86,830
Nonmajor governmental funds	62,738	8,377	71,115
Internal Service Fund	101,591	120,010	221,601
Total	<u>\$ 1,574,777</u>	<u>\$ 128,387</u>	<u>\$ 1,703,164</u>

Interfund balances represent routine and temporary cash flow assistance until amounts are transferred from fund accounts.

June 30, 2024

Note 8 - 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
Special Education Fund	Nonmajor governmental funds	\$ 530,879
Cooperative Activities Fund	General Fund	57,823
	Special Education Fund	303,573
	Nonmajor governmental funds	1,569,478
	Total Cooperative Activities Fund	<u>1,930,874</u>
	Total	<u>\$ 2,461,753</u>

Transfers from the Special Education Fund and Cooperative Activities Fund represent nonreciprocal activity between the funds and represent reimbursement for indirect costs incurred by the funds.

Note 9 - Restricted Assets

At June 30, 2024, restricted assets are composed of the following:

Description	Governmental Activities
Unspent bond proceeds	\$ 5,745,873
Bond debt service reserve	<u>3,766,546</u>
Total	<u>\$ 9,512,419</u>

Note 10 - 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
Bonds payable - Other debt:					
General obligation	\$ 33,965,000	\$ -	\$ (4,725,000)	\$ 29,240,000	\$ 5,105,000
Unamortized bond premiums	6,723,166	-	(935,285)	5,787,881	1,010,504
Total bonds payable - other debt	40,688,166	-	(5,660,285)	35,027,881	6,115,504
Lease liability	9,536,300	1,999,831	(1,407,763)	10,128,368	1,330,628
Compensated absences	518,712	236,711	-	755,423	10,000
Self-insurance claims	889,193	6,657,802	(6,702,505)	844,490	844,490
Arbitrage liability	-	323,502	-	323,502	-
Total governmental activities long-term debt	<u>\$ 51,632,371</u>	<u>\$ 9,217,846</u>	<u>\$ (13,770,553)</u>	<u>\$ 47,079,664</u>	<u>\$ 8,300,622</u>

Note 10 - Long-term Debt (Continued)

General Obligation Bonds

The School District issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. General obligations outstanding at June 30, 2024 are as follows:

Purpose	Remaining Annual Installments	Interest Rate	Maturing	Outstanding
\$44,570,000 serial bonds	\$5,105,000 - \$6,505,000	5.0%	May 1, 2029	\$ 29,240,000

Other Long-term Liabilities

Compensated absences and lease liabilities attributable to the governmental activities will be liquidated primarily by the General Fund and the Special Education Fund. The self-insurance claims liability will generally be liquidated through the School District’s Internal Service Fund. The arbitrage liability will be liquidated by the 2019 Bonds Capital Projects Fund.

Debt Service Requirements to Maturity

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

Years Ending June 30	Governmental Activities		
	Principal	Interest	Total
2025	\$ 5,105,000	\$ 1,462,000	\$ 6,567,000
2026	5,525,000	1,206,750	6,731,750
2027	5,905,000	930,500	6,835,500
2028	6,200,000	635,250	6,835,250
2029	6,505,000	325,250	6,830,250
Total	\$ 29,240,000	\$ 4,559,750	\$ 33,799,750

Note 11 - Leases

The School District leases certain assets from various third parties. The assets leased include building space used for the School District’s programs. Payments are generally fixed monthly.

Lease asset activity of the School District is included in Note 7.

Future principal and interest payment requirements related to the School District’s lease liability at June 30, 2024 are as follows:

Years Ending	Principal	Interest	Total
2025	\$ 1,330,628	\$ 300,395	\$ 1,631,023
2026	1,361,023	258,777	1,619,800
2027	1,335,138	217,356	1,552,494
2028	1,153,856	178,344	1,332,200
2029	857,467	145,669	1,003,136
2030-2034	4,090,256	289,119	4,379,375
Total	\$ 10,128,368	\$ 1,389,660	\$ 11,518,028

During the year ended June 30, 2024, a lease was terminated, resulting in reduction of the right-of-use asset of \$144,019 and the reduction of the lease liability of \$127,899, which resulted in a gain of \$16,120.

Note 12 - Risk Management

The 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 School District has purchased commercial insurance for errors and omissions. The School District participates in the MASB/SEG risk pool for claims relating to all risks related to property and liability coverage on owned buildings and contents, umbrella liability, bus and auto fleet, travel accident, workers' disability, and other miscellaneous coverage. The School District is self-insured for health, dental, and vision claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

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

The School District estimates the liability for medical, dental, and vision claims that have been incurred through the end of the fiscal year, including both those 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 fiscal year are as follows:

	2024	2023
Estimated liability - Beginning of year	\$ 889,193	\$ 741,972
Estimated claims incurred, including changes in estimates	6,657,802	6,756,951
Claim payments	(6,702,505)	(6,609,730)
Estimated liability - End of year	\$ 844,490	\$ 889,193

Note 13 - Michigan Public School Employees' Retirement System

Plan Description

The 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 School District. Certain 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.

Note 13 - Michigan Public School Employees' Retirement System (Continued)

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

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

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

Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent. Some members who do not receive an annual increase are eligible to receive a 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 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 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%

Note 13 - Michigan Public School Employees' Retirement System (Continued)

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

The School District's required and actual pension contributions to the plan for the year ended June 30, 2024 were \$15,900,739, which includes the School District's contributions required for those members with a defined contribution benefit. For the year ended June 30, 2024, the School District's required and actual pension contributions include an allocation of \$6,892,062 in revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate.

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2024 were \$3,455,376, which includes the School District's contributions required for those members with a defined contribution benefit.

Net Pension Liability

At June 30, 2024, the School District reported a liability of \$108,976,345 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 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 School District's proportion was 0.34 and 0.33 percent, respectively, representing a change of 3.41 percent.

Net OPEB Asset

At June 30, 2024, the School District reported an asset of \$1,955,264 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 liability to September 30, 2023. The 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 School District's proportion was 0.35 and 0.33 percent, respectively, representing a change of 5.52 percent.

Note 13 - 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 School District recognized pension expense of \$17,915,675, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,440,051	\$ (166,934)
Changes in assumptions	14,766,791	(8,514,196)
Net difference between projected and actual earnings on pension plan investments	-	(2,230,009)
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	5,189,275	(953,914)
The School District's contributions to the plan subsequent to the measurement date	13,377,404	-
	<u>\$ 36,773,521</u>	<u>\$ (11,865,053)</u>
Total		

The \$6,892,062 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	\$ 4,858,811
2026	2,609,790
2027	5,344,026
2028	<u>(1,281,563)</u>
Total	<u>\$ 11,531,064</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 Recovery and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the School District recognized OPEB recovery of \$2,036,623.

June 30, 2024

Note 13 - Michigan Public School Employees' Retirement System (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (14,774,978)
Changes in assumptions	4,352,759	(524,154)
Net difference between projected and actual earnings on OPEB plan investments	5,962	-
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	2,115,671	(423,869)
Employer contributions to the plan subsequent to the measurement date	2,357,609	-
Total	<u>\$ 8,832,001</u>	<u>\$ (15,723,001)</u>

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

Years Ending	Amount
2025	\$ (2,687,088)
2026	(2,831,335)
2027	(1,191,145)
2028	(1,211,754)
2029	(884,099)
Thereafter	(443,188)
Total	<u>\$ (9,248,609)</u>

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 2012
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 to 2022 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2023 valuation.

Note 13 - Michigan Public School Employees' Retirement System (Continued)

Significant assumption changes since the measurement date, September 30, 2022, for the pension and 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. 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
Short-term investment pools	10.00	7.30
Real return/opportunistic 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 School District, calculated using the discount rate depending on the plan option. The following also reflects what the 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 School District	\$ 147,226,722	\$ 108,976,345	\$ 77,131,522

June 30, 2024

Note 13 - 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 School District, calculated using the current discount rate. It also reflects what the 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 School District	\$ 2,027,022	\$ (1,955,264)	\$ (5,377,648)

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

The following presents the net OPEB asset of the School District, calculated using the current health care cost trend rate. It also reflects what the 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 School District	\$ (5,386,181)	\$ (1,955,264)	\$ 1,758,113

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 School District reported a payable of \$2,457,125 and \$437,439 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2024.

Note 14 - Tax Abatements

The School District receives reduced property tax revenue as a result of industrial facilities tax exemptions (PA 198 of 1974), brownfield redevelopment agreements, and Obsolete Property Rehabilitation Act granted by cities, villages, and townships within the boundaries of the 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. The Obsolete Property Rehabilitation Act (PA 146 of 2000) provides property tax exemptions for commercial and commercial housing properties that are rehabilitated and meet the requirements of the act.

For the fiscal year ended June 30, 2024, the School District's property tax revenue was reduced by approximately \$1,355,000 under these programs.

Required Supplementary Information

Washtenaw Intermediate School District

Required Supplementary Information Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue				
Local sources	\$ 4,018,469	\$ 6,611,743	\$ 5,369,160	\$ (1,242,583)
State sources	14,568,254	22,021,293	18,348,444	(3,672,849)
Federal sources	6,300,571	9,936,263	8,400,082	(1,536,181)
Interdistrict sources	4,601,837	3,599,286	3,276,110	(323,176)
Total revenue	29,489,131	42,168,585	35,393,796	(6,774,789)
Expenditures				
Current:				
Instruction:				
Basic programs	1,874,911	637,683	484,587	(153,096)
Added needs	-	14,371	8,703	(5,668)
Adult/Continuing education	400,034	456,145	375,961	(80,184)
Support services:				
Pupil	2,226,197	2,655,114	1,833,882	(821,232)
Instructional staff	6,957,945	8,316,249	6,630,634	(1,685,615)
General administration	799,325	802,202	784,447	(17,755)
School administration	99,584	134,115	134,090	(25)
Business	381,965	424,415	422,226	(2,189)
Operations and maintenance	439,270	606,631	571,237	(35,394)
Other support services	92,267	103,876	82,528	(21,348)
Central	4,300,496	4,377,703	3,737,077	(640,626)
Other support services	130,453	151,491	149,603	(1,888)
Community services	1,690,549	3,774,836	3,229,942	(544,894)
Interdistrict payments	10,828,812	18,104,184	15,157,387	(2,946,797)
Total expenditures	30,221,808	40,559,015	33,602,304	(6,956,711)
Excess of Revenue (Under) Over Expenditures	(732,677)	1,609,570	1,791,492	181,922
Other Financing Sources - Transfers in	46,088	53,979	57,823	3,844
Net Change in Fund Balance	(686,589)	1,663,549	1,849,315	185,766
Fund Balance - Beginning of year	5,085,850	5,085,850	5,085,850	-
Fund Balance - End of year	\$ 4,399,261	\$ 6,749,399	\$ 6,935,165	\$ 185,766

Washtenaw Intermediate School District

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

Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	\$ 108,686,277	\$ 112,766,303	\$ 114,658,978	\$ 1,892,675
State sources	18,011,513	24,502,329	24,252,685	(249,644)
Federal sources	12,339,885	15,646,489	14,426,838	(1,219,651)
Interdistrict sources	346,604	400,163	290,128	(110,035)
Total revenue	139,384,279	153,315,284	153,628,629	313,345
Expenditures				
Current:				
Instruction - Added needs	21,012,864	18,417,176	17,859,846	(557,330)
Support services:				
Pupil	21,594,955	21,047,782	20,286,619	(761,163)
Instructional staff	5,165,022	5,896,673	5,367,498	(529,175)
General administration	334,123	343,010	313,293	(29,717)
School administration	311,417	322,627	317,436	(5,191)
Business	1,692,705	1,496,950	1,404,221	(92,729)
Operations and maintenance	2,438,840	2,359,799	4,254,158	1,894,359
Pupil transportation services	70,890	52,080	30,213	(21,867)
Central	3,866,641	3,474,141	3,001,941	(472,200)
Other	21,240	21,370	21,914	544
Community services	224,229	324,482	273,393	(51,089)
Debt service - Principal	993,294	1,109,218	1,090,145	(19,073)
Interdistrict payments	82,148,339	101,311,570	97,012,671	(4,298,899)
Total expenditures	139,874,559	156,176,878	151,233,348	(4,943,530)
Excess of Revenue (Under) Over Expenditures	(490,280)	(2,861,594)	2,395,281	5,256,875
Other Financing Sources (Uses)				
Leases entered into	-	-	1,999,831	1,999,831
Transfers in	136,766	283,399	303,573	20,174
Transfers out	(525,000)	(597,164)	(530,879)	66,285
Total (uses) sources	(388,234)	(313,765)	1,772,525	2,086,290
Net Change in Fund Balance	(878,514)	(3,175,359)	4,167,806	7,343,165
Fund Balance - Beginning of year	6,175,359	6,175,359	6,175,359	-
Fund Balance - End of year	\$ 5,296,845	\$ 3,000,000	\$ 10,343,165	\$ 7,343,165

Washtenaw Intermediate School District

Required Supplementary Information Budgetary Comparison Schedules - Major Special Revenue Funds Cooperative Activities Fund

Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue				
Local sources	\$ 7,968,305	\$ 7,832,847	\$ 7,654,326	\$ (178,521)
State sources	469,368	1,111,589	1,679,337	567,748
Federal sources	250,000	300,000	447,410	147,410
Interdistrict sources	17,404,515	16,555,363	16,673,832	118,469
Total revenue	26,092,188	25,799,799	26,454,905	655,106
Expenditures				
Current:				
Instruction	9,382,553	9,452,713	9,256,083	(196,630)
Support services:				
Pupil	1,298,920	1,335,543	1,311,605	(23,938)
Instructional staff	2,465,321	2,392,294	2,293,798	(98,496)
General administration	4,000	4,728	4,728	-
School administration	1,154,093	815,545	800,904	(14,641)
Business	85,211	87,438	88,497	1,059
Operations and maintenance	261,829	287,220	630,505	343,285
Pupil transportation services	5,210	11,795	4,171	(7,624)
Central	1,430,407	1,819,586	1,712,425	(107,161)
Community services	2,084	-	-	-
Debt service - Principal	873,152	868,792	526,657	(342,135)
Interdistrict payments	7,359,533	7,257,889	3,954,796	(3,303,093)
Total expenditures	24,322,313	24,333,543	20,584,169	(3,749,374)
Excess of Revenue Over Expenditures	1,769,875	1,466,256	5,870,736	4,404,480
Other Financing Uses - Transfers out	(405,173)	(1,902,214)	(1,930,874)	(28,660)
Net Change in Fund Balance	1,364,702	(435,958)	3,939,862	4,375,820
Fund Balance - Beginning of year	22,814,033	22,814,033	22,814,033	-
Fund Balance - End of year	<u>\$ 24,178,735</u>	<u>\$ 22,378,075</u>	<u>\$ 26,753,895</u>	<u>\$ 4,375,820</u>

Washtenaw Intermediate School District

Required Supplementary Information

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

Michigan Public School Employees' Retirement System

	Last Ten Plan Years									
	Plan Years Ended September 30									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.33670 %	0.32561 %	0.32945 %	0.31258 %	0.28261 %	0.25030 %	0.23134 %	0.23036 %	0.25731 %	0.24957 %
School District's proportionate share of the net pension liability	\$ 108,976,345	\$ 122,458,537	\$ 77,999,470	\$ 107,374,256	\$ 93,591,162	\$ 75,245,489	\$ 59,950,967	\$ 57,472,149	\$ 62,848,969	\$ 54,972,004
School District's covered payroll	\$ 34,915,163	\$ 32,184,365	\$ 30,652,350	\$ 29,351,972	\$ 26,388,163	\$ 22,773,640	\$ 20,035,969	\$ 18,684,329	\$ 21,640,574	\$ 21,154,802
School District's proportionate share of the net pension liability as a percentage of its covered payroll	312.12 %	380.49 %	254.46 %	365.82 %	354.67 %	330.41 %	299.22 %	307.60 %	290.42 %	259.86 %
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 %	66.20 %

Washtenaw Intermediate School District

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

	Last Seven Plan Years						
	Plan Years Ended September 30						
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School District's proportion of the net OPEB (asset) liability	0.34564 %	0.32756 %	0.33504 %	0.32817 %	0.29996 %	0.26646 %	0.23194 %
School District's proportionate share of the net OPEB (asset) liability	\$ (1,955,264) \$	6,937,833 \$	5,113,952 \$	17,580,790 \$	21,530,055 \$	21,180,475 \$	20,539,211
School District's covered payroll	\$ 34,915,163 \$	32,184,365 \$	30,652,350 \$	29,351,972 \$	26,388,163 \$	22,773,640 \$	20,035,969
School District's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	(5.60)%	21.56 %	16.68 %	59.90 %	81.59 %	93.00 %	102.51 %
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 %

Note: GASB 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Washtenaw Intermediate School District

Required Supplementary Information Schedule of Washtenaw Intermediate School District's 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	\$ 15,274,292	\$ 15,801,311	\$ 11,430,411	\$ 10,196,031	\$ 8,796,319	\$ 7,561,992	\$ 6,422,824	\$ 5,410,599	\$ 5,386,534	\$ 4,334,689
Contributions in relation to the statutorily required contribution	15,274,292	15,801,311	11,430,411	10,196,031	8,796,319	7,561,992	6,422,824	5,410,599	5,386,534	4,334,689
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's Covered Payroll	\$ 37,999,140	\$ 34,037,604	\$ 31,718,813	\$ 30,208,799	\$ 28,857,515	\$ 25,567,336	\$ 21,932,693	\$ 19,631,640	\$ 18,414,965	\$ 21,772,781
Contributions as a Percentage of Covered Payroll	40.20 %	46.42 %	36.04 %	33.75 %	30.48 %	29.58 %	29.28 %	27.56 %	29.25 %	19.91 %

Washtenaw Intermediate School District

Required Supplementary Information
 Schedule of Washtenaw Intermediate School District's OPEB Contributions
 Michigan Public School Employees' Retirement System

	Last Seven Fiscal Years						
	Years Ended June 30						
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 3,121,791	\$ 2,739,755	\$ 2,584,830	\$ 2,513,901	\$ 2,318,874	\$ 2,008,321	\$ 1,584,138
Contributions in relation to the statutorily required contribution	<u>3,121,791</u>	<u>2,739,755</u>	<u>2,584,830</u>	<u>2,513,901</u>	<u>2,318,874</u>	<u>2,008,321</u>	<u>1,584,138</u>
Contribution Deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 37,999,140	\$ 34,037,604	\$ 31,718,813	\$ 30,208,799	\$ 28,857,515	\$ 25,567,336	\$ 21,932,693
Contributions as a Percentage of Covered Payroll	8.22 %	8.05 %	8.15 %	8.32 %	8.04 %	7.86 %	7.22 %

Note: GASB 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

June 30, 2024

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 the September 30, 2017 actuarial valuation decreased by 0.45 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017.
- 2017 - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50 percentage points.

OPEB Information

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

Benefit Changes

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

Changes in Assumptions

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

- 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 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.

Washtenaw Intermediate School District

Notes to Required Supplementary Information (Continued)

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

Other Supplementary Information

Washtenaw Intermediate School District

Other Supplementary Information Combining Balance Sheet Nonmajor Governmental Funds

June 30, 2024

	Special Revenue Funds		Debt Service Fund	Capital Projects Funds				Total
	Food Service Fund	Student Activity Fund	2019 School Building and Site Bonds Fund	General Education Fund	Special Education Fund	2019 Bonds Capital Projects Fund	WEOC Fund	
Assets								
Cash and investments	\$ 116,832	\$ 240,976	\$ -	\$ 1,923,875	\$ 4,485,310	\$ -	\$ -	\$ 6,766,993
Receivables	40,702	8,347	29,006	-	-	3,912	-	81,967
Due from other funds	-	17,918	1,868	2,095	4,414	12,401	32,419	71,115
Inventory	9,765	-	-	-	-	-	-	9,765
Prepaid costs	3,120	-	-	-	-	-	-	3,120
Restricted assets	-	-	3,766,546	-	-	5,745,873	-	9,512,419
Total assets	\$ 170,419	\$ 267,241	\$ 3,797,420	\$ 1,925,970	\$ 4,489,724	\$ 5,762,186	\$ 32,419	\$ 16,445,379
Liabilities								
Accounts payable	\$ 14,892	\$ 98,245	\$ 255	\$ 20,234	\$ 64,203	\$ 92,698	\$ 31,999	\$ 322,526
Due to other governmental units	10,885	-	-	-	-	-	-	10,885
Due to other funds	128,387	-	-	-	-	-	-	128,387
Accrued liabilities and other	-	-	-	-	-	-	420	420
Total liabilities	154,164	98,245	255	20,234	64,203	92,698	32,419	462,218
Deferred Inflows of Resources - Unavailable revenue	-	-	26,049	-	-	-	-	26,049
Total liabilities and deferred inflows of resources	154,164	98,245	26,304	20,234	64,203	92,698	32,419	488,267
Fund Balances								
Nonspendable:								
Inventory	9,765	-	-	-	-	-	-	9,765
Prepaid costs	3,120	-	-	-	-	-	-	3,120
Restricted:								
Debt service	-	-	3,771,116	-	-	-	-	3,771,116
Capital projects	-	-	-	-	4,425,521	5,669,488	-	10,095,009
Food service	3,370	-	-	-	-	-	-	3,370
Committed:								
Capital projects	-	-	-	1,905,736	-	-	-	1,905,736
Student activities	-	168,996	-	-	-	-	-	168,996
Total fund balances	16,255	168,996	3,771,116	1,905,736	4,425,521	5,669,488	-	15,957,112
Total liabilities, deferred inflows of resources, and fund balances	\$ 170,419	\$ 267,241	\$ 3,797,420	\$ 1,925,970	\$ 4,489,724	\$ 5,762,186	\$ 32,419	\$ 16,445,379

Washtenaw 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		Debt Service Fund	Capital Projects Funds				Total
	Food Service Fund	Student Activity Fund	2019 School Building and Site Bonds Fund	General Education Fund	Special Education Fund	2019 Bonds Capital Projects Fund	WEOC Fund	
Revenue								
Local sources	\$ 12,114	\$ 222,588	\$ 6,751,070	\$ 14,207	\$ 260,249	\$ 303,724	\$ -	\$ 7,563,952
State sources	164,724	-	30,536	-	-	-	-	195,260
Federal sources	225,279	-	-	-	-	-	-	225,279
Total revenue	402,117	222,588	6,781,606	14,207	260,249	303,724	-	7,984,491
Expenditures								
Current:								
Support services	-	234,519	337	-	-	-	5,062	239,918
Food services	432,996	-	-	-	-	-	-	432,996
Debt service	-	-	6,407,200	-	-	-	-	6,407,200
Capital outlay	-	-	-	76,050	144,645	221,025	75,751	517,471
Total expenditures	432,996	234,519	6,407,537	76,050	144,645	221,025	80,813	7,597,585
Excess of Revenue (Under) Over Expenditures	(30,879)	(11,931)	374,069	(61,843)	115,604	82,699	(80,813)	386,906
Other Financing Sources - Transfers in	30,879	-	-	1,500,000	500,000	-	69,478	2,100,357
Net Change in Fund Balances	-	(11,931)	374,069	1,438,157	615,604	82,699	(11,335)	2,487,263
Fund Balances - Beginning of year	16,255	180,927	3,397,047	467,579	3,809,917	5,586,789	11,335	13,469,849
Fund Balances - End of year	\$ 16,255	\$ 168,996	\$ 3,771,116	\$ 1,905,736	\$ 4,425,521	\$ 5,669,488	\$ -	\$ 15,957,112

Washtenaw Intermediate School District

Other Supplementary Information Schedule of Bonded Indebtedness

June 30, 2024

Years Ending June 30		2019 School Building and Site Bonds
		Principal
	2025	\$ 5,105,000
	2026	5,525,000
	2027	5,905,000
	2028	6,200,000
	2029	6,505,000
Total remaining payments		\$ 29,240,000
Interest rate		5.0%
Original issue		\$ 44,570,000

Principal payments for the bond issues are due on May 1 of each year.

Interest payments for the bond issues are due on May 1 and November 1 of each year.