

INGHAM INTERMEDIATE SCHOOL DISTRICT

REPORT ON FINANCIAL STATEMENTS
**(with required supplementary and additional
supplementary information)**

YEAR ENDED JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Ingham Intermediate School District

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Ingham Intermediate School District, as of June 30, 2023, and the respective changes in financial position 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 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 Ingham Intermediate School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Note 13 to the financial statements, in 2023 the District adopted new accounting guidance, GASB Statement No. 96, *Subscription-based IT Arrangements*. Our opinions are not modified with respect to this matter.

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 Ingham Intermediate School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ingham Intermediate School District's basic financial statements. The accompanying additional supplementary information, as identified in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are 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 additional supplementary information, including the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2023 on our consideration of Ingham Intermediate School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Ingham 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 Ingham Intermediate School District's internal control over financial reporting and compliance.

Maney Costeiran PC

September 29, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Ingham Intermediate School District's (ISD) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended June 30, 2023. Please read it in conjunction with the District's financial statements, which immediately follow this section. A comparative analysis with the prior year has been provided.

FINANCIAL HIGHLIGHTS

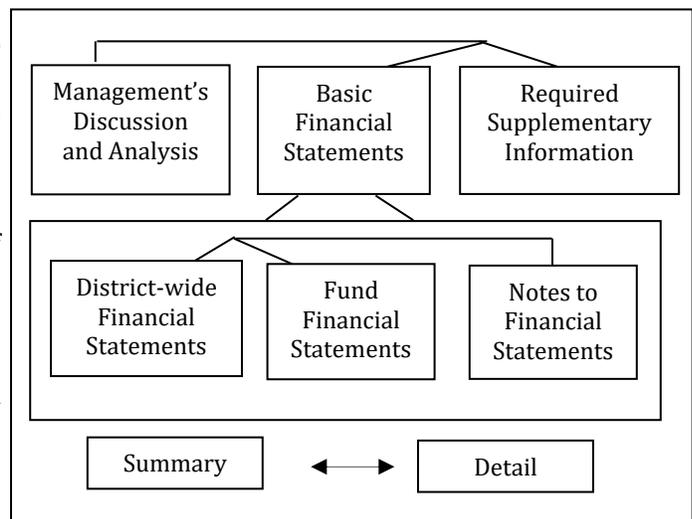
- Total General Education Fund revenues and other financing sources were \$48.5 million and expenditures and other financing uses were \$47.8 million. Revenues for the 2022-23 year increased 18% and expenditures and other financing uses increased 18% from the previous year's amounts. The increase in both revenue and expenditures was mostly due to increase in pass-through grant funding and a large increase in usage of the regionalized substitute teacher consortium.
- Total Special Education Fund revenues were \$93.4 million and expenditures and other financing uses were \$93.4 million. Revenues for the 2022-23 year increased 12.8% and expenditures and other financing uses increased 12.7% from the previous year amounts.
- Total Career and Technical Education Fund revenues were \$14.5 million and expenditures and other financing uses were \$14.1 million. Revenues for the 2022-23 year increased 14.9% and expenditures and other financing uses increased 7.8% from the previous year amounts.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.
- The *governmental funds* statements tell how basic services like general and special education were financed in the short-term as well as what remains for future spending.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as the trustee or agent for the benefit of others.

**Figure A-1
Organization of Ingham Intermediate
School District's Annual Financial
Report**



MANAGEMENT’S DISCUSSION AND ANALYSIS

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the financial statements with a comparison of the District’s budgets for the year and pension and other postemployment benefit related information. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-2 Major Features of District-wide and Fund Financial Statements			
Scope	District-wide Statements	Fund Financial Statements	
	Entire District (except fiduciary funds)	Governmental Funds	Fiduciary Funds
		The activities of the District that are not fiduciary: General, Special Education, Career and Technical Education, and the Debt Service, Capital Projects, and Student/School Activities funds	Instances in which the District administers resources on behalf of someone else, such as professional organizations and student activities monies
Required financial statements	* Statement of net position * Statement of activities	* Balance sheet * Statement of revenues, expenditures and changes in fund balances	* Statement of fiduciary net position * Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term, the District's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

DISTRICT-WIDE FINANCIAL STATEMENTS

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the District’s assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The District-wide statements report the District's *net position* and how they have changed. Net position - the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources - are one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

The District-wide financial statements reflect the District's governmental activities.

Governmental Activities - Most of the District's basic services are included here, such as general education, special education, and career and technical education. Property taxes, state aid, grants, and user fees finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds - not the District as a whole. Funds are the accounting method used by the District to keep track of specific sources of funding and spending on particular programs:

- State law requires some funds.
- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues.

The District has two kinds of funds:

- **Governmental Funds** - Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash, flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, we provide additional information with the governmental funds statements that explain the relationship (or differences) between them.
- **Fiduciary Funds** - Fiduciary funds are for assets that belong to others, such as certain educational groups and student scholarship funds where the District is the trustee or fiduciary. The District cannot use these assets to finance its operations, but, it is responsible to ensure that these funds are used for their intended purposes. Only measurable and currently available funds are reported. Liabilities to beneficiaries are recognized when an event has occurred that compels the District to disburse fiduciary resources.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position - Ingham ISD's combined net position as of June 30, 2023 and 2022 changed as shown below.

**Table A-3
Ingham Intermediate School District's Net Position
Net Position**

	<u>2023</u>	<u>2022*</u>
ASSETS		
Current assets	\$ 55,222,296	\$ 61,281,249
Noncurrent assets	<u>24,518,290</u>	<u>13,917,139</u>
TOTAL ASSETS	<u>79,740,586</u>	<u>75,198,388</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>39,289,626</u>	<u>20,415,223</u>
LIABILITIES		
Current liabilities	27,286,064	24,298,632
Noncurrent liabilities	14,514,978	16,317,965
Net other postemployment benefit liability	5,795,912	4,197,666
Net pension liability	<u>103,771,971</u>	<u>65,224,130</u>
TOTAL LIABILITIES	<u>151,368,925</u>	<u>110,038,393</u>
DEFERRED INFLOWS OF RESOURCES	<u>20,019,935</u>	<u>42,124,996</u>
NET POSITION		
Net investment in capital assets	14,483,744	13,249,139
Unrestricted	<u>(66,842,392)</u>	<u>(69,798,917)</u>
TOTAL NET POSITION	<u>\$ (52,358,648)</u>	<u>\$ (56,549,778)</u>

*The 2022 figures have not been updated for the adoption of GASB 96.

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Table A-4
Changes in Ingham Intermediate School District's Net Position**

	2023	2022*
REVENUES		
Program revenues		
Charges for services	\$ 18,860,039	\$ 16,924,026
Operating grants and contributions	38,222,585	34,993,396
General revenues		
Property taxes	61,591,137	58,709,714
State aid - unrestricted	23,893,946	17,687,044
Grants and other revenue - unrestricted to specific programs	5,834,758	5,377,249
Other	4,852,256	2,030,488
TOTAL REVENUES	153,254,721	135,721,917
EXPENSES		
Instruction	25,685,997	21,345,126
Support services	54,346,534	46,403,059
Community services	756,583	726,813
Student/school activities	13,495	6,868
Outgoing transfers and other	66,575,758	58,229,151
Interest on long-term debt	593,464	135,968
Unallocated depreciation/amortization	1,091,760	1,065,362
TOTAL EXPENSES	149,063,591	127,912,347
Change in net position	\$ 4,191,130	\$ 7,809,570

*The 2022 figures have not been updated for the adoption of GASB 96.

District Governmental Activities

The following factors have influenced Ingham ISD's financial status at June 30, 2023.

- The General Education fund experienced an overall increase in revenue and expenditures primarily related to an increase in grant funding through the continued expansion of the Great Start Readiness Program or GSRP, an increase of the Heath Resource Advocates or HRA grant funding which was disbursed throughout the county and an increase in usage of the substitute teacher regionalized consortium. There was also a one-time pass through of funding to the retirement system. The district received a modest increase in property tax revenue and a significant increase in investment earnings.

- The Special Education Fund experienced a modest increase in property tax revenue generated from the existing levy and a significant increase in investment earnings. In the current year, there was a substantial increase in State Aid revenue directed toward special education. There was also a one-time pass through of funding to the retirement system. The existing Special Education ISD Plan with constituent districts provides for a targeted fund balance and cash flow, while maximizing payments to districts.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- The Career and Technical Education fund experienced a modest increase in property tax revenue and a significant increase in investment earnings. State Aid vocational education funding also increased over the prior year. There was also a one-time pass through of funding to the retirement system. In the prior year, the Career and Technical Education fund made a planned reduction of fund balance through a larger capital projects transfer for the multi-year construction project that is on-going in the current year.
- The 2022 Capital Projects fund that was started in 2021-22 with the issuance of a \$14.5 million non-voted bond recorded expenditures for the progress on a multi-year construction project that will enhance facilities and learning environments for all students at Ingham ISD.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Ingham ISD completed the year with its governmental funds reporting *combined* fund balances of \$27,634,079, which is \$9,046,379 less than current year's combined beginning fund balance of \$36,680,458.

The General Education Fund had revenues which were \$686,709 higher than expenditures and other financing uses, which increased ending fund balance to \$6,870,271.

The fund balance in the Special Education Fund is, by design, a specific targeted amount. The ending fund balance at June 30, 2023 is \$443,225 which is the maintenance of the targeted amount. Available revenues in the Special Education fund are paid as outgoing transfers to constituent districts as reimbursement toward special education costs incurred in the districts.

The Career and Technical Education Fund had revenues higher than expenditures and other financing uses, which resulted in a fund balance increase of \$395,911 to \$6,216,921 at year end.

The fund balance in the 2003 Capital Projects Fund represents funds set aside for future capital needs of the District and this fund had an ending fund balance of \$6,533,665 at June 30, 2023. In 2022-23, and in future years, the capital projects transfers from the three operating funds will continue in conjunction with a multi-phased construction project and to help pay for current capital outlay needs.

The fund balance in the 2022 Capital Project Fund includes both non-voted bond proceeds issued and transfers from the three operating funds for Phase I of the multi-year construction project. The ending fund balance at June 30, 2023 was \$7,534,198 and will be reserved for the remaining Phase I project costs.

The 2011 and 2022 Debt Service Fund, which are non-major governmental funds, had expenditures equal to revenues and other financing sources and a zero-ending fund balance. The Student/School Activities Fund, which is a non-major governmental fund, had revenues that were \$5,733 lower than expenditures, which decreased ending fund balance to \$35,799.

During 2022-23, the original Ingham ISD budget was amended twice.

General Fund Budgetary Highlights

The General Education fund ended the 2022-23 fiscal year with a fund balance of \$6,870,271. Total revenue and other financing sources of \$48,476,983 were greater than total expenditures of \$46,790,274 and other financing uses of \$1,000,000, resulting in a \$686,709 increase in fund balance for the year.

- Total revenues of \$48,445,531 were \$1,622,938 less than budgeted revenues of \$50,068,469, which represented a 3.2% budget variance.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- Total expenditures of \$46,790,274 were \$1,798,569 less than budgeted expenditures of \$48,588,843, which represented a 3.7% budget variance.
- Other financing uses was budgeted at \$968,548 and actual was \$968,548.
- The net change in fund balance was budgeted at \$511,078 and the actual was \$686,709 or a positive budget variance of \$175,631.

Special Education Fund Budgetary Highlights

The Special Education Fund ended the 2022-23 fiscal year with a fund balance of \$443,225. Total revenues of \$93,358,447 equaled total expenditures and other financing uses of \$93,358,447, resulting in no change in fund balance for the year.

- Total revenues of \$93,358,447 were \$89,243 higher than budgeted revenues of \$93,269,204, which represented a 0.1% budget variance.
- Total expenditures of \$91,922,295 were \$78,332 higher than budgeted expenditures of \$91,843,963, which represented a 0.1% budget variance.
- Other financing uses was budgeted at \$1,425,241 and actual was \$1,436,152.
- The net change in fund balance was budgeted at \$0 and the actual was \$0. This is a result of a targeted fund balance amount, and that available revenues in the Special Education fund are paid as outgoing transfers to constituent districts.

Career and Technical Education Budgetary Highlights

The Career and Technical Education Fund ended the 2022-23 fiscal year with a fund balance of \$6,216,921. Total revenues of \$14,377,389 were more than total expenditures of \$12,726,654 combined with other financing sources (uses) of (\$1,254,824), resulting in an increase in fund balance of \$395,911 for the year.

- Total revenues of \$14,377,389 were \$451,063 greater than budgeted revenues of \$13,926,326 which represented a 3.2% budget variance.
- Total expenditures of \$12,726,654 were \$48,589 less than budgeted expenditures of \$12,775,243, which equated to a 0.4% budget variance.
- Other financing uses was budgeted at \$854,824 and actual was \$1,254,824.
- The net change in fund balance was budgeted at an increase of \$296,259 and the actual was an increase of \$395,911, or a positive budget variance of \$99,652.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2023 the District had a net investment of approximately \$24.52 million in a broad range of capital assets, including school buildings, computer equipment, right to use SBITA, and administrative offices (see Table A-5). This amount is net of accumulated depreciation/amortization of \$20.65 million. Depreciation/amortization expense for the year was \$1,091,760.

**Table A-5
Ingham Intermediate School District's Capital Assets**

	<u>2023</u>	<u>2022*</u>
Land	\$ 373,292	\$ 373,292
Construction in progress	11,040,338	388,611
Site improvements	1,262,049	1,338,445
Buildings and additions	9,217,318	9,569,669
Right to use - subscription-based IT	161,485	-
Equipment	<u>2,463,808</u>	<u>2,247,122</u>
Total	<u>\$ 24,518,290</u>	<u>\$ 13,917,139</u>

*The 2022 figures have not been updated for the adoption of GASB 96.

The District's fiscal year 2023-24 budgets anticipate total capital asset expenditure from all funds of \$9,049,382. Operational fund capital expenditure budgets for equipment, technology and building improvements represent \$1,326,981 of this total, \$775,000 is for building renovation, site improvements and technology projects budgeted in the 2003 Capital Projects Fund and the balance of \$6,947,401 is budgeted for the Phase I construction project in the 2022 Capital Projects Fund.

Long-term Obligations

At year-end the District had \$14.51 million in limited obligation bonds and other long-term debt outstanding, compared to \$16.36 million outstanding at the end of the prior year. The District repaid \$2,083,328 of principal and received proceeds of \$219,838 during fiscal year 2022-23. A \$17,056 increase for the District's obligation for compensated absences was made during 2022-23.

FACTORS BEARING ON INGHAM ISD'S FUTURE

Property tax revenue is the primary source of funding for the three ISD operating funds. Recent years have provided modest growth of property tax values and related tax revenue which bears positively on Ingham ISD's financial future. In March 2020, a Headlee restoration millage was approved by voters that began with the 2020-21 tax collection and will continue providing approximately \$2.4 million of special education funds annually for 20 years to support the students, purchase equipment and upgrade facilities for special education students attending public schools in the Ingham ISD service area.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The District continues to expand programs and services in some areas, based on requests for services from constituent districts, from specific grant revenues, and in anticipation of Career and Technical Education enrollment. The majority of new sources of funds are restricted in their use for specific activities and are not available for discretionary use. As a result, some areas of our budget have expanded to respond to constituent district needs and organizational focus, while other areas have been stable or contracted. We expect this trend to continue.

For the 2023-24 school year, we conservatively planned for financial impacts of on-going staffing challenges and fluid state revenues as we continue to monitor and plan for future economic uncertainties related to the COVID-19 pandemic that are impactful to our educational models we provide to our students and families throughout the year.

During the 2023-24 school year, we are collaborating with the Lansing School District to transition center-based programming to Ingham ISD, currently operated by the Lansing School District at the Beekman Center. Ingham ISD is anticipated to begin operating the center-based programming at the Beekman Center in 2024-25. The financial impacts of this transition will include an increase in staffing and operational costs at Ingham ISD and a reduction of similar costs at the Lansing School District for center-based programming which is absorbed by available revenues within the Special Education Fund. Future financial planning will be on-going related to the facilities of the Beekman Center.

Beginning in 2021-22, we planned for and started construction on a Phase I Additions and Remodeling project as part of the Long-Term Capital Plan. This building and grounds project is estimated at \$20 million funded primarily by a \$14 million non-voted bond issuance in June 2022 along with existing capital projects funds. The construction project is anticipated to be completed by December 2023.

Ingham ISD's administration and Board of Education will continue to engage in strategic planning and resource allocation processes which maintain our financial viability, while at the same time position the District to respond to constituent needs. We are committed to fulfilling our mission to lead and serve for the achievement and success of all learners.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Business Office, Ingham Intermediate School District, 2630 W. Howell Road, Mason, MI 48854.

BASIC FINANCIAL STATEMENTS

**INGHAM INTERMEDIATE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023**

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 3,280,669
Investments	25,419,479
Receivables	
Accounts receivable	2,422,834
Interest receivable	106,671
Intergovernmental receivable	13,120,895
Property taxes receivable	517,094
Prepays	435,339
Restricted cash and cash equivalents	3,759,106
Restricted investments	6,160,209
Capital assets not being depreciated/amortized	11,413,630
Capital assets, net of accumulated depreciation/amortization	13,104,660
TOTAL ASSETS	79,740,586
DEFERRED OUTFLOWS OF RESOURCES	
Related to other postemployment benefits	7,845,840
Related to pensions	31,443,786
TOTAL DEFERRED OUTFLOWS OF RESOURCES	39,289,626
LIABILITIES	
Accounts payable	6,509,680
Accrued interest	130,563
Accrued salaries and related items	1,864,436
Accrued retirement	2,210,181
Due to local school districts	4,052,883
Unearned revenue	9,174,160
Intergovernmental	181,395
Reserve for school based health services	3,162,766
Noncurrent liabilities	
Due within one year	1,782,178
Due in more than one year	12,732,800
Net other postemployment benefit liability	5,795,912
Net pension liability	103,771,971
TOTAL LIABILITIES	151,368,925
DEFERRED INFLOWS OF RESOURCES	
Related to other postemployment benefits	12,031,377
Related to pensions	535,227
Related to state aid funding for pensions	7,453,331
TOTAL DEFERRED INFLOWS OF RESOURCES	20,019,935
NET POSITION	
Net investment in capital assets	14,483,744
Unrestricted	(66,842,392)
TOTAL NET POSITION	\$ (52,358,648)

See notes to financial statements.

**INGHAM INTERMEDIATE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues		Governmental Activities
		Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	\$ 25,685,997	\$ 14,021,953	\$ 6,244,904	\$ (5,419,140)
Support services	54,346,534	4,838,086	9,997,887	(39,510,561)
Community services	756,583	-	750,855	(5,728)
Student/school activities	13,495	-	7,762	(5,733)
Outgoing transfer and other transactions	66,575,758	-	21,187,189	(45,388,569)
Interest on long-term debt	593,464	-	33,988	(559,476)
Unallocated depreciation/amortization	1,091,760	-	-	(1,091,760)
Total governmental activities	<u>\$ 149,063,591</u>	<u>\$ 18,860,039</u>	<u>\$ 38,222,585</u>	<u>(91,980,967)</u>
General revenues				
Property taxes, levied for general purposes				2,079,814
Property taxes, levied for special education				49,432,435
Property taxes, levied for career and technical education				10,078,888
State sources - unrestricted				23,893,946
Grants and other revenue not restricted to specific programs				5,834,758
Interest income				1,982,791
Other				<u>2,869,465</u>
Total general revenues				<u>96,172,097</u>
CHANGE IN NET POSITION				4,191,130
NET POSITION				
Beginning of year				<u>(56,549,778)</u>
End of year				<u>\$ (52,358,648)</u>

See notes to financial statements.

**INGHAM INTERMEDIATE SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	Special Revenue						Total Governmental Funds
	General Fund	Special Education Fund	Career and Technical Education Fund	2003 Capital Projects	2022 Capital Projects	Total Nonmajor Fund	
ASSETS							
Cash and cash equivalents	\$ 734,348	\$ 259,320	\$ 176,950	\$ 2,064,252	\$ -	\$ 45,799	\$ 3,280,669
Investments	10,605,189	6,465,265	8,179,246	169,779	-	-	25,419,479
Accounts receivable	1,907,883	506,376	8,575	-	-	-	2,422,834
Interest receivable	15,868	32,628	12,167	-	46,008	-	106,671
Intergovernmental receivable	5,027,107	7,216,510	877,278	-	-	-	13,120,895
Due from other funds	-	-	-	4,310,500	-	-	4,310,500
Property taxes receivable	15,857	430,002	71,235	-	-	-	517,094
Prepays and other	93,618	269,485	71,736	-	-	500	435,339
Restricted cash and cash equivalents	-	-	-	-	3,759,106	-	3,759,106
Restricted investments	-	-	-	-	6,160,209	-	6,160,209
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 18,399,870</u>	<u>\$ 15,179,586</u>	<u>\$ 9,397,187</u>	<u>\$ 6,544,531</u>	<u>\$ 9,965,323</u>	<u>\$ 46,299</u>	<u>\$ 59,532,796</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 2,194,151	\$ 1,731,640	\$ 141,898	\$ 10,866	\$ 2,431,125	\$ -	\$ 6,509,680
Accrued salaries and related items	299,434	1,142,901	422,101	-	-	-	1,864,436
Accrued retirement	313,150	1,270,320	626,711	-	-	-	2,210,181
Due to local school districts	-	4,052,883	-	-	-	-	4,052,883
Intergovernmental	148,675	32,720	-	-	-	-	181,395
Due to other funds	-	2,650,000	1,650,000	-	-	10,500	4,310,500
Unearned revenue	8,560,948	325,257	287,955	-	-	-	9,174,160
Accrued for school based health services	-	3,162,766	-	-	-	-	3,162,766
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>11,516,358</u>	<u>14,368,487</u>	<u>3,128,665</u>	<u>10,866</u>	<u>2,431,125</u>	<u>10,500</u>	<u>31,466,001</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	<u>13,241</u>	<u>367,874</u>	<u>51,601</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>432,716</u>
FUND BALANCES							
Nonspendable							
Prepays and other	93,618	269,485	71,736	-	-	-	434,839

See notes to financial statements.

	Special Revenue						Total Governmental Funds
	General Fund	Special Education Fund	Career and Technical Education Fund	2003 Capital Projects	2022 Capital Projects	Total Nonmajor Fund	
FUND BALANCES (continued)							
Restricted for:							
Special education	\$ -	\$ 173,740	\$ -	\$ -	\$ -	\$ -	\$ 173,740
Career and technical education fund	-	-	6,145,185	-	-	-	6,145,185
Capital projects	-	-	-	-	3,590,349	-	3,590,349
Committed for:							
Student/school activities	-	-	-	-	-	35,799	35,799
Capital projects	-	-	-	-	3,943,849	-	3,943,849
Assigned for:							
Capital projects fund	-	-	-	6,533,665	-	-	6,533,665
Unassigned	6,776,653	-	-	-	-	-	6,776,653
TOTAL FUND BALANCES	6,870,271	443,225	6,216,921	6,533,665	7,534,198	35,799	27,634,079
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 18,399,870	\$ 15,179,586	\$ 9,397,187	\$ 6,544,531	\$ 9,965,323	\$ 46,299	\$ 59,532,796

Total governmental fund balances \$ 27,634,079

Amounts reported for governmental activities in the statement of net position are different because:

Deferred outflows of resources - related to pensions	31,443,786
Deferred outflows of resources - related to other postemployment benefit	7,845,840
Deferred inflows of resources - related to pensions	(535,227)
Deferred inflows of resources - related to other postemployment benefit	(12,031,377)
Deferred inflows of resources - related to state aid funding for pensions	(7,453,331)
Capital assets used in governmental activities are not financial resources and are not reported in the funds:	
The cost of the capital assets is	\$ 45,166,437
Accumulated depreciation/amortization is	<u>(20,648,147)</u>
	24,518,290
Unavailable revenue expected to be collected after September 1st	432,716
Long-term liabilities are not due and payable in the current period and are not reported in the funds:	
Bonds and direct borrowing and direct placement	(13,624,895)
Accrued interest	(130,563)
Compensated absences	(890,083)
Net other postemployment benefit liability	(5,795,912)
Net pension liability	<u>(103,771,971)</u>
Net position of governmental activities	<u>\$ (52,358,648)</u>

See notes to financial statements.

**INGHAM INTERMEDIATE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023**

	Special Revenue			2003 Capital Projects	2022 Capital Projects	Total Nonmajor Fund	Total Governmental Funds
	General Fund	Special Education Fund	Career and Technical Education Fund				
REVENUES							
Local sources							
Property taxes	\$ 2,081,036	\$ 49,410,126	\$ 10,060,091	\$ -	\$ -	\$ -	\$ 61,551,253
Student/school activities	-	-	-	-	-	7,762	7,762
Interest income	386,188	771,182	287,017	6,422	531,982	-	1,982,791
Other	3,232,750	5,801,641	122,420	-	-	-	9,156,811
Total local sources	5,699,974	55,982,949	10,469,528	6,422	531,982	7,762	72,698,617
State sources	4,792,183	21,455,446	2,897,393	-	-	-	29,145,022
Federal sources	-	311,353	-	-	-	33,988	345,341
Incoming transfers and other transactions	15,396,702	454,440	540,538	-	-	-	16,391,680
	25,888,859	78,204,188	13,907,459	6,422	531,982	41,750	118,580,660
Grants (see Note 7 Grants)	22,556,672	15,154,259	469,930	-	-	-	38,180,861
TOTAL REVENUES	48,445,531	93,358,447	14,377,389	6,422	531,982	41,750	156,761,521
EXPENDITURES							
Instruction	13,679,983	1,096,919	5,948,978	-	-	-	20,725,880
Supporting services	9,728,412	31,072,367	5,854,077	-	-	-	46,654,856
Student/school activities	-	-	-	-	-	13,495	13,495
Outgoing transfers and other	825,207	44,598,750	453,669	442,117	11,718,571	2,414,332	60,452,646
	24,233,602	76,768,036	12,256,724	442,117	11,718,571	2,427,827	127,846,877
Grants (see Note 7 Grants)	22,556,672	15,154,259	469,930	-	-	-	38,180,861
TOTAL EXPENDITURES	46,790,274	91,922,295	12,726,654	442,117	11,718,571	2,427,827	166,027,738

See notes to financial statements.

	Special Revenue					Total Nonmajor Fund	Total Governmental Funds
	General Fund	Special Education Fund	Career and Technical Education Fund	2003 Capital Projects	2022 Capital Projects		
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ 1,655,257	\$ 1,436,152	\$ 1,650,735	\$ (435,695)	\$ (11,186,589)	\$ (2,386,077)	\$ (9,266,217)
OTHER FINANCING SOURCES (USES)							
Proceeds from subscription-based IT arrangements	31,452	43,210	145,176	-	-	-	219,838
Transfers in	-	-	-	3,879,362	-	2,380,344	6,259,706
Transfers out	(1,000,000)	(1,479,362)	(1,400,000)	(2,380,344)	-	-	(6,259,706)
TOTAL OTHER FINANCING SOURCES (USES)	(968,548)	(1,436,152)	(1,254,824)	1,499,018	-	2,380,344	219,838
NET CHANGE IN FUND BALANCES	686,709	-	395,911	1,063,323	(11,186,589)	(5,733)	(9,046,379)
FUND BALANCES							
Beginning of year	6,183,562	443,225	5,821,010	5,470,342	18,720,787	41,532	36,680,458
End of year	\$ 6,870,271	\$ 443,225	\$ 6,216,921	\$ 6,533,665	\$ 7,534,198	\$ 35,799	\$ 27,634,079

See notes to financial statements.

**INGHAM INTERMEDIATE SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

Net Change in Fund Balances Total Governmental Funds \$ (9,046,379)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures in the statement of activities.

These costs are allocated over their estimated useful lives as depreciation/amortization:

Depreciation/amortization expense	(1,091,760)
Capital outlay	11,651,395
Loss on disposal of capital assets	(1,931)

Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:

Accrued interest payable, beginning of year	90,673
Accrued interest payable, end of year	(130,563)

The issuance of long term debt (e.g. bonds) provides current financial resources to governmental funds, while repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences in the treatment of long-term debt and related items are as follows:

Proceeds from subscription-based IT arrangements	(219,838)
Payments on debt	2,083,328

Revenue is recorded on the accrual method in the statement of activities. In the governmental funds it is recorded on the modified accrual method and not considered available:

Unavailable revenue, beginning of year	(392,832)
Unavailable revenue, end of year	432,716

Compensated absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when the financial resources are used in the governmental funds:

Compensated absences, beginning of the year	873,027
Compensated absences, end of the year	(890,083)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Other postemployment benefit related items	4,335,243
Pension related items	(399,236)

Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to section 147c pension contributions subsequent to the measurement period:

State aid funding for pension	(3,102,630)
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Change in Net Position of Governmental Activities **\$ 4,191,130**

See notes to financial statements.

**INGHAM INTERMEDIATE SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023**

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	<u>\$ 65,834</u>
LIABILITIES	
Accounts payable	<u>4,332</u>
NET POSITION	
Restricted for student organizations	<u><u>\$ 61,502</u></u>

**INGHAM INTERMEDIATE SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2023**

	Custodial Funds
REVENUE	
Student activity income	\$ 75,183
EXPENDITURES	
Payments made on behalf of student organizations	61,712
NET CHANGE IN NET POSITION	13,471
NET POSITION	
Beginning of year	48,031
End of year	\$ 61,502

**INGHAM INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Government-wide Financial Statements

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 District. All fiduciary activities are reported only in the fund financial statements. *Governmental activities* normally are supported by taxes and intergovernmental revenues.

Reporting Entity

The Ingham Intermediate School District (the "District") is governed by the Ingham Intermediate School District Board of Education (the "Board"), which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by the accounting principles generally accepted in the United States of America. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board (GASB) Statements.

Basis of Presentation - Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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

Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - governmental and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following *Major Governmental Funds*:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *Special Revenue Funds* account for revenue sources that are legally restricted or committed to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its *special education fund* and the *career and technical education fund* as special revenue funds.

The *2003 Capital Projects Fund* accounts for the receipt of proceeds from other funds and the acquisition or construction of capital facilities or equipment held by the District.

**INGHAM INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements (continued)

The *2022 Capital Projects Fund* includes capital project activities funded primarily with bonds issued during 2022.

Additionally, the District reports the following *Nonmajor Fund Types*:

The *2011 and 2022 Debt Service Funds* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The District accounts for its *Student/School Activities Fund* as a special revenue fund.

Fiduciary Funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Fiduciary funds are not included in the government-wide statements.

The *custodial fund* consists of assets for the benefit of individuals and the District does not have administrative involvement with the assets or direct financial involvement with the assets. In addition, the assets are not derived from the District's provision of goods or services to those individuals. This fund is used to account for assets that the District holds for others in an agency capacity (primarily student activities).

During the course of operations, the 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, they are eliminated in the preparation of the government-wide financial statements.

Further, 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, they are eliminated in the preparation of the government-wide financial statements.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues 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.

**INGHAM INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

The fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except for the recognition of certain liabilities to the beneficiaries of a fiduciary activity. Liabilities to beneficiaries are recognized when an event has occurred that compels the District to disburse fiduciary resources.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are generally collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes, state and federal aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a state-wide formula. The foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the current year ended, the foundation allowance was based on pupil membership counts.

The state portion of the foundation is provided primarily by a state education property tax millage of six mills on Principal Residence Exemption (PRE) property and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by Non-PRE property taxes which may be levied at a rate of up to 18 mills as well as 6 mills for Commercial Personal Property Tax. The state revenue is recognized during the foundation period and is funded through payments from October to August. Thus, the unpaid portion at June 30 is reported as an intergovernmental receivable.

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received and accrued, which are not expended by the close of the fiscal year are recorded as unearned revenue.

All other revenue items are generally considered to be measurable and available only when cash is received by the District.

**INGHAM INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Information

Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, special education fund, career and technical education fund, and student/school activities fund. The capital projects fund is appropriated on a project-length basis. Other funds do not have appropriated budgets.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executor) contracts for goods or services (i.e., purchase orders, contracts, and commitments). The District does not utilize encumbrance accounting.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The Superintendent submits to the Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to July 1, the budget is legally adopted by Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund, special education fund, and the career and technical education fund are noted in the required supplementary information section.
- d. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the Board.
- e. The budget was amended during the year with supplemental appropriations, the last one approved prior to year ended June 30, 2023. The District does not consider these amendments to be significant.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**INGHAM INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Investments

In accordance with Michigan Compiled Laws, the District is authorized to invest in the following investment vehicles:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration (NCUA), but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.
- c. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase.
- d. The United States government or federal agency obligations repurchase agreements.
- e. Bankers acceptances of United States banks.
- f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**INGHAM INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Capital Assets

Capital assets, which include property, plant, equipment, and transportation vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Group purchases are evaluated on a case-by-case basis. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated/amortized over the remaining useful lives of the related capital assets.

Land and construction in progress are not depreciated. Right to use assets of the District are amortized using the straight-line method over the shorter of the lease/subscription period or the estimated useful lives. The other capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

Capital Asset Classes	Lives
Site improvements	5 - 20
Buildings and additions	20 - 50
Right to use - subscription-based IT	2 - 3
Equipment	5 - 20

Defined Benefit Plans

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

Deferred Outflows

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. They are pension and other postemployment benefits related items reported in the government-wide statement of net position. A deferred outflow is recognized for pension and other postemployment benefit related items. These amounts are expensed in the plan year in which they apply.

**INGHAM INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Deferred Inflows

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category. The first item arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from receipts that are received after 60 days of year end. These amounts are deferred and recognized as inflow of resources in the period that the amounts become available. The second is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension subsequent to the measurement period. The third and fourth items are future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension and other postemployment benefit liability and the actual results. The amounts are amortized over a period determined by the actuary.

Net Position Flow Assumption

Sometimes the District will 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 financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Fund Balance Flow Assumptions

Sometimes the District will 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 District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

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

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

**INGHAM INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Fund Balance Policies (continued)

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board of Education has by resolution authorized the superintendent and finance director 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 only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Subscription-based IT Arrangements (SBITA)

Subscriber: The District is a lessee for a noncancelable subscription of an IT arrangement. The District recognizes an intangible right-to-use lease asset in the government-wide financial statements. The District recognizes a SBITA liability and a SBITA asset in the government-wide financial statements.

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

Key estimates and judgements related to leases included how the District determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) SBITA term, and (3) SBITA payments.

- The 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 District generally uses its estimated incremental borrowing rate as the discount rate for SBITA.
- The SBITA term includes the noncancelable period of the subscription. SBITA payments included in the measurement of the SBITA liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

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

SBITA assets are reported with other capital assets and SBITA liabilities are reported with long-term obligations on the statement of net position.

**INGHAM INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, unrestricted state aid, interest, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied and become a lien as of July 1 and December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due dates are September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

For the year ended June 30, 2023, the District levied the following amounts per \$1,000 of assessed valuation:

Fund	Mills Levied *	T.E.V. (Billions)
General fund		
General education	0.1994	10.89
Special revenue funds		
Special education fund	4.7384	10.89
Career and technical education fund	1.2912	7.95

* Levied mills are net of Headlee rollback.

Revenues and Expenditures/Expenses

Compensated Absences

The District's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method over the term of the related debt. Bond issuance costs are reported as expenditures in the year in which they are incurred.

**INGHAM INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses (continued)

Long-term Obligations (continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTE 2 - DEPOSITS AND INVESTMENTS

As of June 30, 2023, the District had deposits and investments subject to the following risks:

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2023, \$7,016,282 of the District's bank balance of \$7,516,282 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying value on the books for deposits at the end of the year was \$7,105,609.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the 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 District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the District will do business.

Interest Rate Risk

In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

**INGHAM INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Interest Rate Risk (continued)

As of June 30, 2023, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
MILAF External Investment pool - CMC	\$ 633,617	N/A
MILAF External Investment pool - MAX	12,750,802	N/A
MILAF External Investment pool - Managed	12,035,061	1.85
Corporate Bonds	3,189,640	0.09
Treasury Bonds	994,580	0.11
Michigan Class Investment Pool	<u>1,975,988</u>	0.12
Total fair value	<u>\$ 31,579,688</u>	
Portfolio weighted average maturity		<u>0.73</u>

One day maturity equals 0.0027, one year equals 1.00.

Concentration of Credit Risk

The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Agency</u>
MILAF External Investment pool - CMC	\$ 633,617	AAAm	Standard & Poor's
MILAF External Investment pool - MAX	12,750,802	AAAm	Standard & Poor's
MILAF External Investment pool - Managed	12,035,061	AAAm	Standard & Poor's
Corporate Bonds	3,189,640	Various	N/A
Treasury Bonds	994,580	Various	N/A
Michigan Class Investment Pool	<u>1,975,988</u>	AAAm	Standard & Poor's
	<u>\$ 31,579,688</u>		

**INGHAM INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Foreign Currency Risk

The District is not authorized to invest in investments which have this type of risk.

Fair Value Measurement

The District is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The District voluntarily invests certain excess funds in external pooled investment funds which included money market funds. One of the pooled investment funds utilized by the District is the Michigan Investment Liquid Asset Fund (MILAF). MILAF funds are considered external investment pools as defined by the GASB and as such are recorded at amortized cost which approximate fair value. The MILAF (MAX Class) fund requires notification of redemptions prior to 14 days to avoid penalties. These funds are not subject to the fair value disclosures.

	<u>Amortized Cost</u>
MILAF External Investment pool - CMC	\$ 633,617
MILAF External Investment pool - MAX	12,750,802
MILAF External Investment pool - Managed	12,035,061
	<u>\$ 25,419,480</u>

The District's MILAF Managed Account is subject to the fair value measurement and is classified as Level 2.

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

**INGHAM INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement (continued)

The Michigan CLASS investment pool invest 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 statues and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

At the year ended June 30, 2023, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency if Eligible</u>	<u>Redemption Notice Period</u>
Michigan Class Investment Pool	\$ 1,975,988	-	No restrictions	None

This account consists of:

<u>Investment Category</u>	
U.S. Treasury notes and bonds	33.41%
Supra-National Agency bonds and notes	2.79%
Federal Agency collateralized mortgage obligations	0.22%
Federal Agency bonds and notes	2.12%
Federal Agency mortgage-backed security	2.71%
Corporate Bonds	10.10%
Uncategorized Pooled Investments	6.26%
Money Market Mutual Funds	<u>42.38%</u>
	<u>100.00%</u>

At the year ended June 30, 2023, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

The above amounts are reported in the financial statements as follows:

	<u>Primary Government</u>	<u>Custodial Fund</u>	<u>Total</u>
Cash and cash equivalents	\$ 3,280,669	\$ 65,834	\$ 3,346,503
Investments	25,419,479	-	25,419,479
Restricted cash and cash equivalents	3,759,106	-	3,759,106
Restricted investments	<u>6,160,209</u>	<u>-</u>	<u>6,160,209</u>
	<u>\$ 38,619,463</u>	<u>\$ 65,834</u>	<u>\$ 38,685,297</u>

**INGHAM INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 - INTERGOVERNMENTAL RECEIVABLES

Amounts due from other governmental units at June 30, 2023 consist of the following:

Other governmental units	
State aid	\$ 7,137,342
Federal grants	5,900,304
Other	<u>83,249</u>
	<u><u>\$ 13,120,895</u></u>

No allowance for doubtful accounts is considered necessary based on previous experience.

NOTE 4 - CAPITAL ASSETS

A summary of changes in the District's capital assets follows:

	As Restated Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Assets not being depreciated/amortized				
Land	\$ 373,292	\$ -	\$ -	\$ 373,292
Construction in progress	<u>388,611</u>	<u>10,651,727</u>	-	<u>11,040,338</u>
Total capital assets not being depreciated/amortized	<u>761,903</u>	<u>10,651,727</u>	-	<u>11,413,630</u>
Other capital assets				
Site improvements	2,828,375	-	-	2,828,375
Buildings and additions	24,787,550	237,916	-	25,025,466
Right to use - subscription-based IT	43,447	219,838	-	263,285
Equipment	<u>5,113,072</u>	<u>541,914</u>	<u>19,305</u>	<u>5,635,681</u>
Total capital assets being depreciated/amortized	<u>32,772,444</u>	<u>999,668</u>	<u>19,305</u>	<u>33,752,807</u>
Accumulated depreciation/amortization				
Site improvements	1,489,930	76,396	-	1,566,326
Buildings and additions	15,217,881	590,267	-	15,808,148
Right to use - subscription-based IT	-	101,800	-	101,800
Equipment	<u>2,865,950</u>	<u>323,297</u>	<u>17,374</u>	<u>3,171,873</u>
Total accumulated depreciation/amortization	<u>19,573,761</u>	<u>1,091,760</u>	<u>17,374</u>	<u>20,648,147</u>
Total capital assets being depreciated/amortized, net	<u>13,198,683</u>	<u>(92,092)</u>	<u>1,931</u>	<u>13,104,660</u>
Net capital assets	<u>\$ 13,960,586</u>	<u>\$ 10,559,635</u>	<u>\$ 1,931</u>	<u>\$ 24,518,290</u>

Depreciation/amortization for the fiscal year end June 30, 2023 amounted to \$1,091,760. The District determined that it was impractical to allocate depreciation/amortization to the various governmental activities as the assets serve multiple functions.

**INGHAM INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - LONG-TERM OBLIGATIONS

The following is a summary of long-term obligations for the District for the year ended June 30, 2023:

	General Obligation Bonds	Notes from Direct Borrowings and Direct Placements	Compensated Absences	Total
Balance, July 1, 2022, as restated	\$ 15,444,938	\$ 43,447	\$ 873,027	\$ 16,361,412
Additions	-	219,838	17,056	236,894
Deletions	<u>(1,982,771)</u>	<u>(100,557)</u>	<u>-</u>	<u>(2,083,328)</u>
Balance, June 30, 2023	13,462,167	162,728	890,083	14,514,978
Due within one year	<u>(1,592,000)</u>	<u>(101,170)</u>	<u>(89,008)</u>	<u>(1,782,178)</u>
Due in more than one year	<u>\$ 11,870,167</u>	<u>\$ 61,558</u>	<u>\$ 801,075</u>	<u>\$ 12,732,800</u>

Long-term obligations at June 30, 2023 are comprised of the following issues:

General Obligations Bonds

2011 Limited obligation (ARRA Qualified School Construction Bonds) due in annual installments of \$167,000 due April 15, 2026 with interest at 5.38%. ARRA program provides credits equal to the annual interest expense.	\$ 501,000
2022 Building and Site bonds due in semi-annual installments of \$405,000 to \$1,095,000 through October 15, 2030, with interest ranging from 2.00% to 3.35%.	11,995,000
Add issuance premium	<u>966,167</u>
Total general obligation bonds	13,462,167

Direct Borrowing and Direct Placement

SBITA's due in annual installments ranging from \$5,760 to \$22,660 through February 2025, with imputed interest rate of 3%.	162,728
Compensated absences	<u>890,083</u>
Total general long-term obligations	<u>\$ 14,514,978</u>

The District's outstanding notes from direct borrowings and direct placements related to governmental activities of \$162,728 contains provisions that in an event of default, either by (1) unable to make principal or interest payments (2) false or misrepresentation is made to the lender (3) become insolvent or make an assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

**INGHAM INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

The annual requirements to amortized long-term obligations outstanding exclusive of compensated absences payments as of June 30, 2023, are as follows:

Year Ending June 30,	General Obligation Bonds		Notes from Direct Borrowings and Direct Placements		Compensated Absences	Total
	Principal	Interest	Principal	Interest		
2024	\$ 1,592,000	\$ 604,829	\$ 101,170	\$ 630	\$ -	\$ 2,298,629
2025	1,697,000	523,595	61,558	-	-	2,282,153
2026	1,792,000	437,234	-	-	-	2,229,234
2027	1,725,000	346,125	-	-	-	2,071,125
2028	1,825,000	258,875	-	-	-	2,083,875
2029-2031	3,865,000	247,000	-	-	-	4,112,000
	12,496,000	2,417,658	162,728	630	-	15,077,016
Issuance premium	966,167	-	-	-	-	966,167
Compensated absences	-	-	-	-	890,083	890,083
	<u>\$ 13,462,167</u>	<u>\$ 2,417,658</u>	<u>\$ 162,728</u>	<u>\$ 630</u>	<u>\$ 890,083</u>	<u>\$ 16,933,266</u>

The above interest payments do not include the interest credit on the qualified school construction bonds (QSCB). See page 68 for a complete schedule showing the QSCB credit.

Interest expense at the fund level was \$551,882 for the year ended June 30, 2023.

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

Interfund payable and receivable balances at June 30, 2023 are as follows:

Receivable Fund	Amount	Payable Fund	Amount
2003 Capital Projects	<u>\$ 4,310,500</u>	Career and technical education fund	\$ 1,650,000
		Total nonmajor funds	10,500
		Special Education fund	<u>2,650,000</u>
			<u>\$ 4,310,500</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in accounting systems, and (3) payments between funds are made.

**INGHAM INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - GRANTS

The District receives numerous grants in furtherance of its educational purposes. Sources of grants for the year ended June 30, 2023 are as follows:

Source	General Education	Special Education	Career and Technical Education	Total
Local	\$ 4,325,186	\$ 1,891	\$ -	\$ 4,327,077
State	12,418,038	1,148,959	129,824	13,696,821
Federal	5,813,448	14,003,409	340,106	20,156,963
	<u>\$ 22,556,672</u>	<u>\$ 15,154,259</u>	<u>\$ 469,930</u>	<u>\$ 38,180,861</u>

Local sources include local governments, private industries, and foundations.

NOTE 8 - TRANSFERS

The general fund, special education fund, and the career and technical education fund transferred \$1,000,000, \$1,479,362, and \$1,400,000, respectively, to the 2003 capital projects fund for future capital projects. The 2003 capital projects fund transferred \$169,323 and \$2,211,021 to the 2011 debt service and 2022 debt service funds, respectively, for the redemption of bonds payable.

NOTE 9 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Michigan Public School Employees' Retirement System (MPSERS) (System) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the Board's authority to promulgate or amend the provisions of the System. MPSERS issues a publicly available Annual Comprehensive Financial Report that can be obtained at www.michigan.gov/orsschools.

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

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

**INGHAM INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Benefits Provided - Overall

Participants are enrolled in one of multiple plans based on date of hire and certain voluntary elections. A summary of the plans offered by MPSERS is as follows:

<u>Plan Name</u>	<u>Plan Type</u>	<u>Plan Status</u>
Basic	Defined Benefit	Closed
Member Investment Plan (MIP)	Defined Benefit	Closed
Pension Plus	Hybrid	Closed
Pension Plus 2	Hybrid	Open
Defined Contribution	Defined Contribution	Open

Benefits Provided - Pension

Benefit provisions of the defined benefit pension 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 (DB) pension plan. Retirement benefits for DB plan members are determined by final average compensation and years of service. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

Prior to Pension reform of 2010 there were two plans commonly referred to as Basic and the Member Investment Plan (MIP). Basic Plan member’s contributions range from 0% - 4%. On January 1, 1987, the Member Investment Plan (MIP) was enacted. MIP members enrolled prior to January 1, 1990, contribute at a permanently fixed rate of 3.9% of gross wages. Members first hired January 1, 1990, or later including Pension Plus Plan members, contribute at various graduated permanently fixed contribution rates from 3.0% - 7.0%.

Pension Reform 2010

On May 19, 2010, the Governor signed Public Act 75 of 2010 into law. As a result, any member of the Michigan Public School Employees’ Retirement System (MPSERS) who became a member of MPSERS after June 30, 2010 is a Pension Plus member. Pension Plus is a hybrid plan that contains a pension component with an employee contribution (graded, up to 6.4% of salary) and a flexible and transferable defined contribution (DC) tax-deferred investment account that earns an employer match of 50% (up to 1% of salary) on employee contributions. Retirement benefits for Pension Plus members are determined by final average compensation and years of service. Disability and survivor benefits are available to Pension Plus members.

Pension Reform 2012

On September 4, 2012, the Governor signed Public Act 300 of 2012 into law. The legislation grants all active members who first became a member before July 1, 2010 and who earned service credit in the 12 months ending September 3, 2012 or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their pension. Any changes to a member’s pension are effective as of the member’s *transition date*, which is defined as the first day of the pay period that begins on or after February 1, 2013.

Under the reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund.

**INGHAM INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2012 (continued)

An amount determined by the member's election of Option 1, 2, 3, or 4 described below:

Option 1 - Members voluntarily elected to increase their contributions to the pension fund as noted below and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they terminate public school employment.

- Basic plan members: 4% contribution
- Member Investment Plan (MIP)-Fixed, MIP-Graded, and MIP-Plus members: a flat 7% contribution

Option 2 - Members voluntarily elected to increase their contribution to the pension fund as stated in Option 1 and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they reach 30 years of service. If and when they reach 30 years of service, their contribution rates will return to the previous level in place as of the day before their transition date (0% for Basic plan members, 3.9% for MIP-Fixed, up to 4.3% for MIP-Graded, or up to 6.4% for MIP-Plus). The pension formula for any service thereafter would include a 1.25% pension factor.

Option 3 - Members voluntarily elected not to increase their contribution to the pension fund and maintain their current level of contribution to the pension fund. The pension formula for their years of service as of the day before their transition date will include a 1.5% pension factor. The pension formula for any service thereafter will include a 1.25% pension factor.

Option 4 - Members voluntarily elected to no longer contribute to the pension fund and therefore are switched to the Defined Contribution plan for future service as of their transition date. As a DC participant they receive a 4% employer contribution to the tax-deferred 401(k) account and can choose to contribute up to the maximum amounts permitted by the IRS to a 457 account. They vest in employer contributions and related earnings in their 401(k)-account based on the following schedule: 50% at 2 years, 75% at 3 years, and 100% at 4 years of service. They are 100% vested in any personal contributions and related earnings in their 457 account. Upon retirement, if they meet age and service requirements (including their total years of service), they would also receive a pension (calculated based on years of service and final average compensation as of the day before their transition date and a 1.5% pension factor).

Members who did not make an election before the deadline defaulted to Option 3 as described above. Deferred or nonvested public school employees on September 3, 2012, who return to public school employment on or after September 4, 2012, will be considered as if they had elected Option 3 above. Returning members who made the retirement plan election will retain whichever option they chose.

Employees who first work on or after September 4, 2012 choose between two retirement plans: The Pension Plus Plan and a Defined Contribution that provides a 50% employer match up to 3% of salary on employee contributions.

Final Average Compensation (FAC) - Average of highest 60 consecutive months for Basic Plan members and Pension Plus members (36 months for MIP members). FAC is calculated as of the last day worked unless the member elected Option 4, in which case the FAC is calculated at the transition date.

**INGHAM INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform of 2017

On July 13, 2017, the Governor signed Public Act 92 of 2017 into law. The legislation closed the Pension Plus Plan to newly hired employees as of February 1, 2018 and created a new, optional Pension Plus 2 Plan with similar plan benefit calculations but containing a 50/50 cost share between the employee and the employer, including the cost of future unfunded liabilities. The assumed rate of return on the Pension Plus 2 Plan is 6%. Further, under certain adverse actuarial conditions, the Pension Plus 2 Plan will close to new employees if the actuarial funded ratio falls below 85% for two consecutive years. The law included other provisions to the retirement eligibility age, plan assumptions, and unfunded liability payment methods.

Benefits Provided - Other Postemployment Benefit (OPEB)

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

Retiree Healthcare Reform of 2012

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

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

**INGHAM INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Regular Retirement (no reduction factor for age)

Eligibility - A Basic plan member may retire at age 55 with 30 years credited service; or age 60 with 10 years credited service. For Member Investment Plan (MIP) members, age 46 with 30 years credited service; or age 60 with 10 years credited service; or age 60 with 5 years of credited service provided member worked through their 60th birthday and has credited service in each of the last 5 years. For Pension Plus Plan (PPP) members, age 60 with 10 years of credited service.

Annual Amount - The annual pension is paid monthly for the lifetime of a retiree. The calculation of a member's pension is determined by their pension election under PA 300 of 2012.

Member Contributions

Depending on the plan selected, member contributions range from 0% - 7% for pension and 0% - 3% for other postemployment benefits. Plan members electing the Defined Contribution plan are not required to make additional contributions.

Employer Contributions

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The normal cost is the annual cost assigned under the actuarial funding method, to the current and subsequent plan years. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis.

Pension and OPEB contributions made in the fiscal year ending September 30, 2022 were determined as of the September 30, 2019 actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2019 are amortized over an 17-year period beginning October 1, 2021 and ending September 30, 2038.

School districts' contributions are determined based on employee elections. There are several different benefit options included in the plan available to employees based on date of hire. Contribution rates are adjusted annually by the ORS. The range of rates is as follows:

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

**INGHAM INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Employer Contributions (continued)

The District's pension contributions for the year ended June 30, 2023 were equal to the required contribution total. Total pension contributions were approximately \$13,054,000. Of the total pension contributions approximately \$12,675,000 was contributed to fund the Defined Benefit Plan and approximately \$379,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2023 were equal to the required contribution total. Total OPEB contributions were approximately \$2,523,000. Of the total OPEB contributions approximately \$2,314,000 was contributed to fund the Defined Benefit Plan and approximately \$209,000 was contributed to fund the Defined Contribution Plan.

These amounts, for both pension and OPEB benefit, include contributions funded from State Revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate (100% for pension and 0% for OPEB).

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

Pension Liabilities

The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2021 and rolled-forward using generally accepted actuarial procedures. The 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.

<u>MPSERS (Plan) Non-University Employers</u>	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Total pension liability	\$ 95,876,795,620	\$ 86,392,473,395
Plan fiduciary net position	\$ 58,268,076,344	\$ 62,717,060,920
Net pension liability	\$ 37,608,719,276	\$ 23,675,412,475
Proportionate share	0.27593%	0.27549%
Net pension liability for the District	\$ 103,771,971	\$ 65,224,130

**INGHAM INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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

For the year ended June 30, 2023, the District recognized pension expense of \$13,074,695.

At June 30, 2023, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,038,082	\$ (232,023)
Net difference between projected and actual earnings on pension plan investments	243,345	-
Change in assumptions	17,831,743	-
Changes in proportion and difference between employer contributions and proportionate share of contributions	655,433	(303,204)
Reporting Unit's contributions subsequent to the measurement date	11,675,183	-
	\$ 31,443,786	\$ (535,227)

\$11,675,183, reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30,	Amount
2023	\$ 5,771,027
2024	4,066,051
2025	3,425,603
2026	5,970,695

**INGHAM INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

OPEB Liabilities

The net OPEB liability was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of September 30, 2021 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined.

<u>MPERS (Plan) Non-University Employers</u>	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Total other postemployment benefit liability	\$ 12,522,713,324	\$ 12,046,393,511
Plan fiduciary net position	\$ 10,404,650,683	\$ 10,520,015,621
Net other postemployment benefit liability	\$ 2,118,062,641	\$ 1,526,377,890
Proportionate share	0.27364%	0.27501%
Net other postemployment benefit liability for the District	\$ 5,795,912	\$ 4,197,666

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

For the year ended June 30, 2023, the District recognized OPEB benefit of \$2,021,379.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (11,351,971)
Changes of assumptions	5,166,082	(420,652)
Net difference between projected and actual earnings on OPEB plan investments	452,996	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	326,383	(258,754)
Reporting Unit's contributions subsequent to the measurement date	<u>1,900,379</u>	<u>-</u>
	<u>\$ 7,845,840</u>	<u>\$ (12,031,377)</u>

**INGHAM INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

\$1,900,379, reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended September 30,	Amount
2023	\$ (2,073,172)
2024	(1,895,218)
2025	(1,790,577)
2026	(199,425)
2027	(125,464)
2028	(2,060)

Actuarial Assumptions

Investment Rate of Return for Pension - 6.00% a year, compounded annually net of investment and administrative expenses for the MIP, Basic, Pension Plus, and Pension Plus 2 Plan groups.

Investment Rate of Return for OPEB - 6.00% a year, compounded annually net of investment and administrative expenses.

Salary Increases - The rate of pay increase used for individual members is 2.75% - 11.55%, including wage inflation at 2.75%.

Inflation - 3.0%.

Mortality Assumptions -

Retirees: RP-2014 Male and Female Healthy Annuitant Mortality Tables scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Active: RP-2014 Male and Female Employee Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Disabled Retirees: RP-2014 Male and Female Disabled Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

**INGHAM INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

Experience Study - The annual actuarial valuation report of the System used for these statements is dated September 30, 2021. Assumption changes as a result of an experience study for the periods 2012 through 2017 have been adopted by the System for use in the determination of the total pension and OPEB liability beginning with the September 30, 2018 valuation.

The Long-Term Expected Rate of Return on Pension and Other Postemployment Benefit Plan Investments - The pension rate was 6.00% (MIP, Basic, Pension Plus Plan, and Pension Plus 2 Plan), and the other postemployment benefit rate was 6.00%, net of investment and administrative expenses determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension and OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Cost of Living Pension Adjustments - 3.0% annual non-compounded for MIP members.

Healthcare Cost Trend Rate for Other Postemployment Benefit - Pre 65, 7.75% for year one and graded to 3.5% in year fifteen. Post 65, 5.25% for year one and graded to 3.5% in year fifteen.

Additional Assumptions for Other Postemployment Benefit Only - Applies to Individuals Hired Before September 4, 2012:

Opt Out Assumption - 21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.

Survivor Coverage - 80% of male retirees and 67% of female retirees are assumed to have coverage continuing after the retiree's death.

Coverage Election at Retirement - 75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

**INGHAM INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

The target asset allocation at September 30, 2022 and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Investment Category</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return*</u>
Domestic Equity Pools	25.0%	5.1%
International Equity Pools	15.0%	6.7%
Private Equity Pools	16.0%	8.7%
Real Estate and Infrastructure Pools	10.0%	5.3%
Fixed Income Pools	13.0%	-0.2%
Absolute Return Pools	9.0%	2.7%
Real Return/Opportunistic Pools	10.0%	5.8%
Short Term Investment Pools	2.0%	-0.5%
	<u>100.0%</u>	

* Long-term rates of return are net of administrative expenses and 2.2% inflation.

Rate of Return - For fiscal year ended September 30, 2022, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was (4.18)% and (4.99)%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

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

**INGHAM INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the Reporting Unit's proportionate share of the net pension liability calculated using a single discount rate of 6.00%, as well as what the Reporting Unit's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Pension		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net pension liability	\$ 136,940,451	\$ 103,771,971	\$ 76,439,651

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the Reporting Unit's proportionate share of the net OPEB liability calculated using a single discount rate of 6.00%, as well as what the Reporting Unit's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Other Postemployment Benefits		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability	\$ 9,722,085	\$ 5,795,912	\$ 2,489,587

Sensitivity to the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the Reporting Unit's proportionate share of the net other postemployment benefit liability calculated using the healthcare cost trend rate, as well as what the Reporting Unit's proportionate share of the net other postemployment benefit liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Other Postemployment Benefits		
	1% Decrease	Current Healthcare Cost Trend Rates	
		1% Increase	
Reporting Unit's proportionate share of the net other postemployment benefit liability	\$ 2,427,051	\$ 5,795,912	\$ 9,577,525

Pension and OPEB Plan Fiduciary Net Position

Detailed information about the pension and OPEB's fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System 2022 Annual Comprehensive Financial Report.

Payable to the Pension and OPEB Plan - At year end the School District is current on all required pension and other postemployment benefit plan payments. Amounts accrued at year end for accounting purposes are separately stated in the financial statements as a liability titled accrued retirement. These amounts represent current payments for June paid in July, accruals for summer pay primarily for teachers, and the contributions due from State Revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL).

**INGHAM INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The District participates in a distinct pool of educational institutions within the State of Michigan for self-insuring workers' disability compensation. The pool is considered public entity risk pools. The District pays annual premiums under a retrospectively rated policy to the pools for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The workers' compensation pool maintain reinsurance for claims generally in excess of \$500,000 for each occurrence with the overall maximum coverage varying depending on the specific type coverage of reinsurance.

The District continues to carry commercial insurance for other risks of loss, including property, liability, and employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2023 or any of the prior three years.

NOTE 11 - TAX ABATEMENTS

The District is required to disclose significant tax abatements as required by GASB Statement No. 77, *Tax Abatements*.

The District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions, Brownfield Redevelopment Agreements, and Payments in Lieu of Taxes (PILOT) granted by cities, villages and townships. 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; PILOT programs apply to multiple unit housing for citizens of low income and the elderly. The property taxes abated for all funds by municipality under these programs are as follows:

Municipality	Taxes Abated
Alaiedon Township	\$ 44,950
Delhi Township	43,389
Delta Township	43,055
Leroy Township	11,813
Meridian Township	61,568
Vevay Township	6,958
City of East Lansing	424,821
City of Lansing	700,021
City of Mason	39,822
City of Williamston	1,281
	\$ 1,377,678

The District is considered to be an "in-formula" district. The property tax revenue that is abated for the special education and vocational education millage is considered when the State of Michigan determines the District's funding under and section 62 and section 56(7) of the State School Aid Act.

There are no abatements made by the District.

**INGHAM INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 12 - CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustments by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

NOTE 13 - CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2023, the District implemented the following new pronouncement: GASB Statement No. 96, *Subscription-based Information Technology Arrangements*.

Summary:

Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-based Information Technology Arrangements* was issued in May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

The restatement of the beginning of year had no impact on net position. The change for capital assets and long-term obligations is as follows:

	Capital Assets	Long-term Obligations
Balance as of July 1, 2022, as previously stated	\$ 13,917,139	\$ 16,317,965
Adoption of GASB Statement No. 96	43,447	43,447
Balance as of July 1, 2022, as restated	\$ 13,960,586	\$ 16,361,412

NOTE 14 - UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2023-2024 fiscal year.

**INGHAM INTERMEDIATE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 14 - UPCOMING ACCOUNTING PRONOUNCEMENTS (continued)

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

**INGHAM INTERMEDIATE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED JUNE 30, 2023**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local sources	\$ 8,315,857	\$ 4,977,716	\$ 5,699,974	\$ 722,258
State sources	2,950,938	4,531,158	4,792,183	261,025
Incoming transfers and other transactions	7,384,054	17,534,973	15,396,702	(2,138,271)
	18,650,849	27,043,847	25,888,859	(1,154,988)
Grants	15,193,463	23,024,622	22,556,672	(467,950)
TOTAL REVENUES	33,844,312	50,068,469	48,445,531	(1,622,938)
EXPENDITURES				
Instruction	5,522,970	14,636,476	13,679,983	956,493
Supporting services	12,462,412	9,878,786	9,728,412	150,374
Outgoing transfer and other	107,538	1,048,959	825,207	223,752
	18,092,920	25,564,221	24,233,602	1,330,619
Grants	15,193,463	23,024,622	22,556,672	467,950
TOTAL EXPENDITURES	33,286,383	48,588,843	46,790,274	1,798,569
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	557,929	1,479,626	1,655,257	175,631
OTHER FINANCING SOURCES (USES)				
Proceeds from subscription-based IT arrangements	-	31,452	31,452	-
Transfers out	(200,000)	(1,000,000)	(1,000,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(200,000)	(968,548)	(968,548)	-
NET CHANGE IN FUND BALANCE	\$ 357,929	\$ 511,078	686,709	\$ 175,631
FUND BALANCE				
Beginning of year			6,183,562	
End of year			\$ 6,870,271	

**INGHAM INTERMEDIATE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - SPECIAL EDUCATION FUND
YEAR ENDED JUNE 30, 2023**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local sources	\$ 54,880,560	\$ 55,568,564	\$ 55,982,949	\$ 414,385
State sources	17,980,228	21,716,680	21,455,446	(261,234)
Federal sources	226,606	241,459	311,353	69,894
Incoming transfers and other transactions	495,215	470,206	454,440	(15,766)
	<u>73,582,609</u>	<u>77,996,909</u>	<u>78,204,188</u>	<u>207,279</u>
Grants	<u>16,627,860</u>	<u>15,272,295</u>	<u>15,154,259</u>	<u>(118,036)</u>
TOTAL REVENUES	<u>90,210,469</u>	<u>93,269,204</u>	<u>93,358,447</u>	<u>89,243</u>
EXPENDITURES				
Instruction	2,170,784	1,431,556	1,096,919	334,637
Supporting services	29,068,017	31,938,711	31,072,367	866,344
Outgoing transfer and other	<u>40,879,568</u>	<u>43,201,401</u>	<u>44,598,750</u>	<u>(1,397,349)</u>
	<u>72,118,369</u>	<u>76,571,668</u>	<u>76,768,036</u>	<u>(196,368)</u>
Grants	<u>16,627,860</u>	<u>15,272,295</u>	<u>15,154,259</u>	<u>118,036</u>
TOTAL EXPENDITURES	<u>88,746,229</u>	<u>91,843,963</u>	<u>91,922,295</u>	<u>(78,332)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,464,240</u>	<u>1,425,241</u>	<u>1,436,152</u>	<u>10,911</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from subscription-based IT arrangements	-	43,210	43,210	-
Transfers out	<u>(1,464,240)</u>	<u>(1,468,451)</u>	<u>(1,479,362)</u>	<u>(10,911)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,464,240)</u>	<u>(1,425,241)</u>	<u>(1,436,152)</u>	<u>(10,911)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE				
Beginning of year			<u>443,225</u>	
End of year			<u>\$ 443,225</u>	

**INGHAM INTERMEDIATE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - CAREER
AND TECHNICAL EDUCATION FUND
YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Local sources	\$ 10,008,818	\$ 10,336,031	\$ 10,469,528	\$ 133,497
State sources	2,063,447	2,824,766	2,897,393	72,627
Incoming transfers and other transactions	<u>346,135</u>	<u>295,599</u>	<u>540,538</u>	<u>244,939</u>
	12,418,400	13,456,396	13,907,459	451,063
Grants	<u>391,821</u>	<u>469,930</u>	<u>469,930</u>	<u>-</u>
TOTAL REVENUES	<u>12,810,221</u>	<u>13,926,326</u>	<u>14,377,389</u>	<u>451,063</u>
EXPENDITURES				
Instruction	5,807,709	5,847,884	5,948,978	(101,094)
Supporting services	5,578,634	6,003,608	5,854,077	149,531
Outgoing transfer and other	<u>235,958</u>	<u>453,821</u>	<u>453,669</u>	<u>152</u>
	11,622,301	12,305,313	12,256,724	48,589
Grants	<u>391,821</u>	<u>469,930</u>	<u>469,930</u>	<u>-</u>
TOTAL EXPENDITURES	<u>12,014,122</u>	<u>12,775,243</u>	<u>12,726,654</u>	<u>48,589</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>796,099</u>	<u>1,151,083</u>	<u>1,650,735</u>	<u>499,652</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from subscription-based IT arrangements	-	145,176	145,176	-
Transfers out	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>(1,400,000)</u>	<u>(400,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,000,000)</u>	<u>(854,824)</u>	<u>(1,254,824)</u>	<u>(400,000)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (203,901)</u>	<u>\$ 296,259</u>	395,911	<u>\$ 99,652</u>
FUND BALANCE				
Beginning of year			<u>5,821,010</u>	
End of year			<u>\$ 6,216,921</u>	

**INGHAM INTERMEDIATE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Reporting Unit's proportion of net pension liability (%)	0.27593%	0.27549%	0.27693%	0.27297%	0.26617%	0.26463%	0.26396%	0.25450%	0.24272%
Reporting Unit's proportionate share of net pension liability	\$ 103,771,971	\$ 65,224,130	\$ 95,127,303	\$ 90,399,433	\$ 80,016,385	\$ 68,576,569	\$ 65,854,882	\$ 62,160,555	\$ 53,462,790
Reporting Unit's covered-employee payroll	\$ 26,530,277	\$ 24,880,266	\$ 24,630,781	\$ 24,107,812	\$ 22,847,473	\$ 21,977,214	\$ 22,710,105	\$ 21,314,008	\$ 20,664,616
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	391.15%	262.15%	386.21%	374.98%	350.22%	312.03%	289.98%	291.64%	258.72%
Plan fiduciary net position as a percentage of total pension liability (Non-university employers)	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, the District presents information for those years for which information is available.

**INGHAM INTERMEDIATE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PENSION CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contributions	\$ 12,675,459	\$ 9,225,354	\$ 8,080,642	\$ 7,472,582	\$ 7,077,224	\$ 6,929,167	\$ 6,174,280	\$ 5,690,431	\$ 4,747,429
Contributions in relation to statutorily required contributions	<u>12,675,459</u>	<u>9,225,354</u>	<u>8,080,642</u>	<u>7,472,582</u>	<u>7,077,224</u>	<u>6,929,167</u>	<u>6,174,280</u>	<u>5,690,431</u>	<u>4,747,429</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll	\$ 28,588,266	\$ 26,153,996	\$ 24,543,982	\$ 24,720,904	\$ 23,728,828	\$ 22,592,330	\$ 21,882,267	\$ 21,858,891	\$ 21,147,186
Contributions as a percentage of covered-employee payroll	44.34%	35.27%	32.92%	30.23%	29.83%	30.67%	28.22%	26.03%	22.45%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, the District presents information for those years for which information is available.

**INGHAM INTERMEDIATE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Reporting Unit's proportion of net OPEB liability (%)	0.27364%	0.27501%	0.27801%	0.27688%	0.26890%	0.26515%
Reporting Unit's proportionate share of net OPEB liability	\$ 5,795,912	\$ 4,197,666	\$ 14,893,693	\$ 19,874,047	\$ 21,375,107	\$ 23,480,142
Reporting Unit's covered-employee payroll	\$ 26,530,277	\$ 24,880,266	\$ 24,630,781	\$ 24,107,812	\$ 22,847,473	\$ 21,977,214
Reporting Unit's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	21.85%	16.87%	60.47%	82.44%	93.56%	106.84%
Plan fiduciary net position as a percentage of total OPEB liability (non-university employers)	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, the District presents information for those years for which information is available.

**INGHAM INTERMEDIATE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S OPEB CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required OPEB contributions	\$ 2,313,864	\$ 2,168,187	\$ 2,118,364	\$ 2,087,830	\$ 1,958,374	\$ 1,960,840
Contributions in relation to statutorily required contributions	<u>2,313,864</u>	<u>2,168,187</u>	<u>2,118,364</u>	<u>2,087,830</u>	<u>1,958,374</u>	<u>1,960,840</u>
Contribution deficiency (excess)	<u>\$ -</u>					
Reporting Unit's covered-employee payroll (OPEB)	\$ 28,588,266	\$ 26,153,996	\$ 24,543,982	\$ 24,720,904	\$ 23,728,828	\$ 22,592,330
OPEB contributions as a percentage of covered-employee payroll	8.09%	8.29%	8.63%	8.45%	8.25%	8.68%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, the District presents information for those years for which information is available.

**INGHAM INTERMEDIATE SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2023**

NOTE 1 - PENSION INFORMATION

Benefit Changes - there were no changes of benefit terms in 2022.

Changes of Assumptions - the assumption changes for 2022 were:

- Discount rate for MIP, Basic, and Pension Plus plans decreased to 6.00% from 6.80%.

NOTE 2 - OPEB INFORMATION

Benefit Changes - there were no changes of benefit terms in 2022.

Changes of Assumptions - the assumption changes for 2022 were:

- Discount rate decreased to 6.00% from 6.95%.

ADDITIONAL SUPPLEMENTARY INFORMATION

**INGHAM INTERMEDIATE SCHOOL DISTRICT
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPE
JUNE 30, 2023**

	<u>Special Revenue</u>	<u>Debt Service</u>		
	<u>Student/School Activities</u>	<u>2011 Debt Service</u>	<u>2022 Debt Service</u>	<u>Total Nonmajor Funds</u>
ASSETS				
Cash and cash equivalents	\$ 45,799	\$ -	\$ -	\$ 45,799
Prepays and other	-		500	500
TOTAL ASSETS	<u>\$ 45,799</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 46,299</u>
 FUND BALANCES				
LIABILITIES				
Due to other funds	\$ 10,000	\$ -	\$ 500	\$ 10,500
 FUND BALANCES				
Committed	<u>35,799</u>	<u>-</u>	<u>-</u>	<u>35,799</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 45,799</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 46,299</u>

**INGHAM INTERMEDIATE SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2023**

	<u>Special Revenue</u>	<u>Debt Service</u>		<u>Total Nonmajor Funds</u>
	<u>Student/School Activities</u>	<u>2011 Debt Service</u>	<u>2022 Debt Service</u>	
REVENUE				
Local				
Student/school activities	\$ 7,762	\$ -	\$ -	\$ 7,762
Federal sources	-	33,988	-	33,988
TOTAL REVENUES	<u>7,762</u>	<u>33,988</u>	<u>-</u>	<u>41,750</u>
EXPENDITURES				
Student/school activities	13,495	-	-	13,495
Principal	-	167,000	1,695,000	1,862,000
Interest	-	35,861	516,021	551,882
Other	-	450	-	450
TOTAL EXPENDITURES	<u>13,495</u>	<u>203,311</u>	<u>2,211,021</u>	<u>2,427,827</u>
EXCESS (DEFICIENCY) OF REVENUES UNDER EXPENDITURES	<u>(5,733)</u>	<u>(169,323)</u>	<u>(2,211,021)</u>	<u>(2,386,077)</u>
OTHER FINANCING SOURCES				
Transfers in	-	169,323	2,211,021	2,380,344
NET CHANGE IN FUND BALANCE	(5,733)	-	-	(5,733)
FUND BALANCES				
Beginning of year	<u>41,532</u>	<u>-</u>	<u>-</u>	<u>41,532</u>
End of year	<u>\$ 35,799</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,799</u>

**INGHAM INTERMEDIATE SCHOOL DISTRICT
TAX SUMMARY
YEAR ENDED JUNE 30, 2023**

	2022 Taxes Levied - Net of TV Changes Through 6/30/23	Taxes Collected	Balance Due 6/30/23
General education fund			
Ingham County	\$ 1,732,412	\$ 1,726,704	\$ 5,708
Eaton County	181,309	180,160	1,149
Clinton County	120,675	118,678	1,997
Livingston County	26,537	26,201	336
Jackson County	27,458	27,243	215
Washtenaw County	7,760	7,308	452
Shiawassee County	1,750	1,750	-
Total general education fund	<u>2,097,901</u>	<u>2,088,044</u>	<u>9,857</u>
Special revenue funds			
Special education fund			
Ingham County	41,167,797	41,031,644	136,153
Eaton County	4,308,502	4,281,117	27,385
Clinton County	2,867,640	2,782,764	84,876
Livingston County	630,618	622,627	7,991
Jackson County	652,493	647,365	5,128
Washtenaw County	184,403	173,670	10,733
Shiawassee County	41,582	41,579	3
Total special education fund	<u>49,853,035</u>	<u>49,580,766</u>	<u>272,269</u>
Career and technical education fund			
Ingham County	8,188,476	8,176,733	11,743
Eaton County	1,079,674	1,078,130	1,544
Clinton County	420,727	398,387	22,340
Livingston County	171,841	169,663	2,178
Jackson County	177,802	176,404	1,398
Washtenaw County	50,249	47,324	2,925
Shiawassee County	11,333	11,332	1
Total career and technical education fund	<u>10,100,102</u>	<u>10,057,973</u>	<u>42,129</u>
Total special revenue funds	<u>59,953,137</u>	<u>59,638,739</u>	<u>314,398</u>
TOTAL ALL FUNDS	<u>\$ 62,051,038</u>	<u>\$ 61,726,783</u>	<u>\$ 324,255</u>

**INGHAM INTERMEDIATE SCHOOL DISTRICT
TAX SUMMARY
YEAR ENDED JUNE 30, 2023**

	2022 Taxes Levied - Net of TV Changes Through 6/30/23	Taxes Collected	Balance Due 6/30/23
Combined (all funds)			
Ingham County	\$ 51,088,685	\$ 50,935,081	\$ 153,604
Eaton County	5,569,485	5,539,407	30,078
Clinton County	3,409,042	3,299,829	109,213
Livingston County	828,996	818,491	10,505
Jackson County	857,753	851,012	6,741
Washtenaw County	242,412	228,302	14,110
Shiawassee County	54,665	54,661	4
	<u>62,051,038</u>	<u>61,726,783</u>	<u>324,255</u>
Subtotal all funds			
Total current levy - all funds and counties	62,051,038	<u>\$ 61,726,783</u>	<u>324,255</u>
Delinquent property tax adjustments	<u>(499,785)</u>		
Total property tax revenue	<u>\$ 61,551,253</u>		
2022 taxes levied receivable			<u>324,255</u>
Prior years			
Uncollected, beginning of year			249,772
Collections/SEV changes/write-offs			<u>(56,933)</u>
Uncollected, end of year			<u>192,839</u>
Total taxes receivable			<u>\$ 517,094</u>

**INGHAM INTERMEDIATE SCHOOL DISTRICT
BONDED DEBT
JUNE 30, 2023**

\$2,500,000 Qualified School Construction Bonds (Limited Tax General Obligation) issued in 2011:

Principal Due April 15	Interest Due			Net-Debt Service Requirement for Fiscal Year	
	April 15	October 15	QSCB Credit	June 30	Amount
\$ 167,000	\$ 13,477	\$ 13,477	\$ (26,954)	2024	\$ 167,000
167,000	8,985	8,985	(17,970)	2025	167,000
167,000	4,492	4,492	(8,984)	2026	167,000
<u>\$ 501,000</u>	<u>\$ 26,954</u>	<u>\$ 26,954</u>	<u>\$ (53,908)</u>		<u>\$ 501,000</u>

**INGHAM INTERMEDIATE SCHOOL DISTRICT
BONDED DEBT
JUNE 30, 2023**

\$13,690,000 Building and site bonds issued in 2022:

Principal Due April 15	Principal Due October 15	Interest Due		Net-Debt Service Requirement for Fiscal Year	
		April 15	October 15	June 30	Amount
\$ 550,000	\$ 875,000	\$ 278,000	\$ 299,875	2024	\$ 2,002,875
615,000	915,000	241,375	264,250	2025	2,035,625
675,000	950,000	202,250	226,000	2026	2,053,250
740,000	985,000	160,750	185,375	2027	2,071,125
800,000	1,025,000	116,625	142,250	2028	2,083,875
870,000	1,060,000	70,125	96,625	2029	2,096,750
405,000	1,095,000	21,000	48,375	2030	1,569,375
-	435,000	-	10,875	2031	445,875
<u>\$ 4,655,000</u>	<u>\$ 7,340,000</u>	<u>\$ 1,090,125</u>	<u>\$ 1,273,625</u>		<u>\$ 14,358,750</u>

**INGHAM INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

Federal Grantor/ Pass-through grantor/ Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Approved Award Amount	Accrued (Unearned) Revenue at 7/1/2022	Prior Year(s) Expenditures (Memorandum Only)	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Unearned) Revenue at 6/30/2023	Current Year Cash Transferred to Subrecipient
U. S. Department of Education									
Passed through Michigan Department of Education									
Title I Grants to Local Educational Agencies									
	84.010	221570-2122 231570-2223	\$ 1,002,042 <u>1,024,084</u>	\$ 113,174 <u>-</u>	\$ 341,774 <u>-</u>	\$ 109,253 <u>279,584</u>	\$ 222,427 <u>228,852</u>	\$ - <u>50,732</u>	\$ 95,988 <u>11,667</u>
Total ALN 84.010			<u>2,026,126</u>	<u>113,174</u>	<u>341,774</u>	<u>388,837</u>	<u>451,279</u>	<u>50,732</u>	<u>107,655</u>
Title I, Neglected and Delinquent Children									
	84.013	221700-2122 231700-2223	88,543 <u>103,130</u>	15,768 <u>-</u>	34,859 <u>-</u>	26,119 <u>4,241</u>	41,887 <u>-</u>	- <u>4,241</u>	- <u>-</u>
Total ALN 84.013			<u>191,673</u>	<u>15,768</u>	<u>34,859</u>	<u>30,360</u>	<u>41,887</u>	<u>4,241</u>	<u>-</u>
Special Education Cluster									
Special Education- Grants to States									
	84.027	210450-2021 220450-2122 230450-2223	11,808,189 11,967,068 12,077,332	170,820 3,714,718 -	170,820 11,751,733 -	57,320 210,165 11,860,802	228,140 3,714,718 9,210,900	- 210,165 2,649,902	30,971 678,919 1,391,621
	84.027X	221280-2122 220493-2122 230493-2223	2,450,778 171,600 <u>188,800</u>	1,624,806 65,085 <u>-</u>	1,624,806 171,600 <u>-</u>	703,142 - <u>188,800</u>	2,085,388 65,085 <u>132,934</u>	242,560 - <u>55,866</u>	- - <u>-</u>
Total ALN 84.027			<u>38,663,767</u>	<u>5,575,429</u>	<u>13,718,959</u>	<u>13,020,229</u>	<u>15,437,165</u>	<u>3,158,493</u>	<u>2,101,511</u>
Special Education Preschool Grants									
	84.173	220460-2122 230460-2223 221285-2122	356,920 364,487 <u>191,061</u>	205,650 - <u>-</u>	349,290 - <u>-</u>	7,630 354,595 <u>150,828</u>	205,650 99,116 <u>3,683</u>	7,630 255,479 <u>147,145</u>	187,396 92,329 <u>4,674</u>
Total ALN 84.173			<u>912,468</u>	<u>205,650</u>	<u>349,290</u>	<u>513,053</u>	<u>308,449</u>	<u>410,254</u>	<u>284,399</u>
Total Special Education Cluster			<u>39,576,235</u>	<u>5,781,079</u>	<u>14,068,249</u>	<u>13,533,282</u>	<u>15,745,614</u>	<u>3,568,747</u>	<u>2,385,910</u>
Special Education - Grants for Infants and Families									
	84.181	221340-2122 231340-2223	316,452 320,263	64,162 -	316,452 -	- 320,263	64,162 269,288	- 50,975	- -
	84.181X	221283-EOARP	153,818	27,467	27,467	113,195	40,429	100,233	-
Total ALN 84.181			<u>790,533</u>	<u>91,629</u>	<u>343,919</u>	<u>433,458</u>	<u>373,879</u>	<u>151,208</u>	<u>-</u>
TOTAL PASSED THROUGH MICHIGAN DEPARTMENT OF EDUCATION			<u>42,584,567</u>	<u>6,001,650</u>	<u>14,788,801</u>	<u>14,385,937</u>	<u>16,612,659</u>	<u>3,774,928</u>	<u>2,493,565</u>
Carl D. Perkins - Clinton County RESA									
	84.048	223520-221214 233520-231214	375,085 <u>324,084</u>	122,787 <u>-</u>	375,085 <u>-</u>	- <u>324,084</u>	122,787 <u>216,009</u>	- <u>108,075</u>	- <u>-</u>
Total ALN 84.048			<u>699,169</u>	<u>122,787</u>	<u>375,085</u>	<u>324,084</u>	<u>338,796</u>	<u>108,075</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>43,283,736</u>	<u>6,124,437</u>	<u>15,163,886</u>	<u>14,710,021</u>	<u>16,951,455</u>	<u>3,883,003</u>	<u>2,493,565</u>

The accompanying notes are an integral part of this schedule.

**INGHAM INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

Federal Grantor/ Pass-through grantor/ Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Approved Award Amount	Accrued (Unearned) Revenue at 7/1/2022	Prior Year(s) Expenditures (Memorandum Only)	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Unearned) Revenue at 6/30/2023	Current Year Cash Transferred to Subrecipient
U.S. Department of Health and Human Services									
Passed through Michigan Department of Education Child Care Development Fund Cluster Child Care and Development Block Grant	93.575	2131TA/QA/AR-2122 2231 QA/TA and 2223 AR	\$ 2,508,136 2,415,275	\$ 373,287 -	\$ 1,744,436 -	\$ 729,208 1,712,386	\$ 1,102,495 1,292,149	\$ - 420,237	\$ 840,135 1,215,967
Total ALN 93.575			4,923,411	373,287	1,744,436	2,441,594	2,394,644	420,237	2,056,102
Birth to Five Literacy Support Network Hubs	93.434	PDGB54.13/223962	120,000	13,957	13,957	49,417	48,436	14,938	-
			120,000	13,957	13,957	49,417	48,436	14,938	-
Passed through Michigan Department of Labor & Economic Opportunity Refugee and Entrant Assistance - State Administered Programs	93.566	ARSI22-3301	300,000	-	-	40,754	150,000	(109,246)	-
Passed through Michigan Department of Education Healthcare Resource Advocates	93.323	222810-HRA2022 232810-HRA2023	448,000 2,800,000	448,000 -	448,000 -	- 2,229,431	448,000 920,302	- 1,309,129	379,129 837,380
Passed through Ingham County Health Department Healthcare Resource Advocates	93.323	NU50CK000510	896,000	415,272	896,000	-	415,272	-	259,217
Total ALN 93.323			4,144,000	863,272	1,344,000	2,229,431	1,783,574	1,309,129	1,475,726
TOTAL PASSED THROUGH MICHIGAN DEPARTMENT OF EDUCATION			9,487,411	1,250,516	3,102,393	4,761,196	4,376,654	1,635,058	3,531,828
Passed through Michigan Department of Health and Human Services Medicaid Cluster Medical Assistance Program	93.778		325,526	(105,666)	344,740	311,353	325,526	(119,839)	306,580
Local Home Visiting Leadership Group	93.870	20221993 20231611	40,000 40,000	4,788 -	22,042 -	8,806 22,986	13,594 17,846	- 5,140	- -
Total ALN 93.870			80,000	4,788	22,042	31,792	31,440	5,140	-
TOTAL PASSED THROUGH MICHIGAN DEPARTMENT OF HEALTH AND HUMAN SERVICES			405,526	(100,878)	366,782	343,145	356,966	(114,699)	306,580
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			9,892,937	1,149,638	3,469,175	5,104,341	4,733,620	1,520,359	3,838,408
U.S. Department of Homeland Security									
Passed through State of Michigan Disaster Grants - Public Assistance	97.036	DR-4494-MI	24,163	-	-	24,163	24,163	-	-
U.S. Department of Agriculture									
Passed through Michigan Department of Education COVID-19 Pandemic EBT Local Level Costs	10.649	n/a	628	-	-	628	628	-	-
U.S. Department of Treasury									
Passed through Michigan Department of Education COVID-19 Coronavirus State and Local Fiscal Recovery Funds COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	232425-2223 222390-GSRP2122	892,957 1,144,050	- 316,892	- 782,744	267,857 361,306	- 678,198	267,857 -	- 420,943
Total ALN 21.027			2,037,007	316,892	782,744	629,163	678,198	267,857	420,943
TOTAL FEDERAL AWARDS			\$ 55,238,471	\$ 7,590,967	\$ 19,415,805	\$ 20,468,316	\$ 22,388,064	5,671,219	\$ 6,752,916
							Unearned revenue	229,085	
							Intergovernmental receivable	\$ 5,900,304	

The accompanying notes are an integral part of this schedule.

**INGHAM INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
PASS-THROUGH AMOUNTS
YEAR ENDED JUNE 30, 2023**

Program Title/Grant Number Subrecipient Name	Federal Assistance Listing Number	State Pass-through Number	Intermediate Pass-through Number	Subrecipient Award/ Contract Amount	Due to (from) Subrecipient 7/1/22	Subrecipient Current Year Expenditures	Current Year Cash Transferred to Subrecipient	Due to (from) Subrecipients 6/30/23
PASS-THROUGH GRANTEE								
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS								
Holt Public Schools	21.027	222390-GSRP2122	000941	\$ 154,211	\$ 39,640	\$ 42,476	\$ 82,116	\$ -
Lansing School District	21.027	222390-GSRP2122	000941	367,285	99,614	26,431	126,045	-
Leslie Public Schools	21.027	222390-GSRP2122	000941	73,075	36,667	578	37,245	-
Mason Public Schools	21.027	222390-GSRP2122	000941	125,469	30,953	13,953	44,906	-
Webberville Community Schools	21.027	222390-GSRP2122	000941	125,469	29,975	11,818	41,793	-
Cradles to Crayons Child Care LLC	21.027	222390-GSRP2122	000941	60,984	11,836	11,700	23,536	-
Caterpillar Corner Childcare Center LLC	21.027	222390-GSRP2122	000941	125,469	18,365	46,937	65,302	-
Total Coronavirus State and Local Fiscal Recovery Funds				<u>\$ 1,031,962</u>	<u>\$ 267,050</u>	<u>\$ 153,893</u>	<u>\$ 420,943</u>	<u>\$ -</u>
TITLE I								
Lansing School District	84.010	221570 - 21-22	000917	\$ 9,600	\$ 3,380	\$ 2,894	\$ 6,274	\$ -
Nex Tech High School of Lansing	84.010	221570 - 21-22	000917	73,677	18,226	-	18,226	-
Great Lakes Learning Academy	84.010	221570 - 21-22	000917	71,334	10,000	39,896	49,896	-
		231570 - 22-23	000917	55,794	-	22,268	11,667	10,601
Michigan Connections	84.010	221570 - 21-22	000917	27,830	6,733	14,859	21,592	-
		231570 - 22-23	000917	19,640	-	7,716	-	7,716
Total Title I				<u>\$ 257,875</u>	<u>\$ 38,339</u>	<u>\$ 87,633</u>	<u>\$ 107,655</u>	<u>\$ 18,317</u>
HEALTHCARE RESOURCE ADVOCATE								
Dansville Schools	93.323	222810-HRA2022	000921	\$ 25,871	\$ 25,871	\$ -	\$ 25,871	\$ -
		232810-HRA2023	000921	336,000	-	134,635	55,166	79,469
East Lansing Public Schools	93.323	ICHD	000921	110,389	50,954	-	50,954	-
		232810-HRA2023	000921	112,000	-	86,229	36,741	49,488
Haslett Public Schools	93.323	222810-HRA2022	000921	53,356	53,356	-	53,356	-
		232810-HRA2023	000921	112,000	-	112,000	26,653	85,347
Holt Public Schools	93.323	222810-HRA2022	000921	3,901	3,901	-	3,901	-
		ICHD	000921	116,075	116,075	-	116,075	-
		232810-HRA2023	000921	224,000	-	224,000	96,433	127,567
Lansing School District	93.323	222810-HRA2022	000921	111,341	111,341	-	111,341	-
		232810-HRA2023	000921	336,000	-	284,082	108,655	175,427
Leslie Public Schools	93.323	222810-HRA2022	000921	29,666	29,666	-	29,666	-
		232810-HRA2023	000921	224,000	-	196,389	125,920	70,469
Mason Public Schools	93.323	222810-HRA2022	000921	47,788	47,788	-	47,788	-
		232810-HRA2023	000921	224,000	-	153,434	54,489	98,945
Okemos Public Schools	93.323	222810-HRA2022	000921	35,223	35,223	-	35,223	-
		232810-HRA2023	000921	336,000	-	263,234	96,694	166,540
Stockbridge Community Schools	93.323	232810-HRA2023	000921	336,000	-	336,000	129,906	206,094
Waverly Community Schools	93.323	222810-HRA2022	000921	47,937	47,937	-	47,937	-
		232810-HRA2023	000921	112,000	-	91,780	30,161	61,619
Webberville Community Schools	93.323	222810-HRA2022	000921	31,858	24,046	-	24,046	-
		232810-HRA2023	000921	112,000	-	30,254	11,223	19,031
Williamston Community Schools	93.323	ICHD	000921	92,188	92,188	-	92,188	-
		232810-HRA2023	000921	224,000	-	224,000	65,339	158,661
Total Healthcare Resource Advocate				<u>\$ 3,393,593</u>	<u>\$ 638,346</u>	<u>\$ 2,136,037</u>	<u>\$ 1,475,726</u>	<u>\$ 1,298,657</u>
CHILD CARE DEVELOPMENT BLOCK GRANT								
Clinton County RESA	93.575	2031QA/TA - 2122	000990	\$ 383,500	\$ 40,539	\$ 150,795	\$ 191,334	\$ -
		2231QA/TA - 2223	000990	393,500	-	242,183	199,075	43,108
Midland County ESA	93.575	2031QA/TA - 2122	000990	793,586	72,263	215,419	287,682	-
		2231QA/TA - 2223	000990	757,136	-	543,644	444,487	99,157
Saginaw ISD	93.575	2031QA/TA - 2122	000990	945,411	74,314	286,805	361,119	-
		2231QA/TA - 2223	000990	890,901	-	646,517	572,405	74,112
Total Child Care Development Block Grant				<u>\$ 4,164,034</u>	<u>\$ 187,116</u>	<u>\$ 2,085,363</u>	<u>\$ 2,056,102</u>	<u>\$ 216,377</u>

The accompanying notes are an integral part of this schedule.

**INGHAM INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
PASS-THROUGH AMOUNTS
YEAR ENDED JUNE 30, 2023**

Program Title/Grant Number Subrecipient Name	Federal Assistance Listing Number	State Pass-through Number	Intermediate Pass-through Number	Subrecipient Award/Contract Amount	Due to (from) Subrecipient 7/1/22	Subrecipient CurrentYear Expenditures	Current Year Cash Transferred to Subrecipient	Due to (from) Subrecipients 6/30/23
PASSTHROUGH GRANTEE								
SPECIAL EDUCATION CLUSTER - FLOWTHROUGH:								
East Lansing Public Schools	84.027	210450-2021	000595-21450	\$ 2,455	\$ 2,323	\$ 132	\$ 2,455	\$ -
Holt Public Schools	84.027	210450-2021 220450-2122	000595-21450 000595-22450	4,296 4,330	4,296 -	- 4,330	4,296 -	- 4,330
Lansing School District	84.027	220450-2122 230450-2223	000594 000594	1,600,000 1,600,000	368,262 -	- 1,600,000	368,262 1,269,989	- 330,011
Okemos Public Schools	84.027	210450-2021 220450-2122	000595-21450 000595-22450	1,995 3,247	1,713 -	282 3,247	1,995 -	- 3,247
Waverly Community Schools	84.027	210450-2021 220450-2122	000595-21450 000595-22450	6,928 5,739	6,277 -	651 5,739	6,928 -	- 5,739
Williamston Community Schools	84.027	210450-2021 220450-2122	000595-21450 000595-22450	15,297 8,280	14,195 -	1,102 8,280	15,297 -	- 8,280
Great Lakes Learning Academy	84.027	220450-2122 230450-2223	000594 000594	310,983 190,778	192,566 -	- 190,778	192,566 -	- 190,778
Michigan Connections Academy	84.027	220450-2122 230450-2223	000594	421,809 330,063	118,091 -	- 330,063	118,091 121,632	- 208,431
Total Special Education Cluster - Flowthrough				<u>\$ 4,506,200</u>	<u>\$ 707,723</u>	<u>\$ 2,144,604</u>	<u>\$ 2,101,511</u>	<u>\$ 750,816</u>
SPECIAL EDUCATION CLUSTER - PRESCHOOL								
Dansville Schools	84.173	221285-2122	000516	\$ 1,893	\$ -	\$ 1,110	\$ -	\$ 1,110
East Lansing Public Schools	84.173	220460-2122 220460-2223 221285-2122	000523 000523 000516	28,961 32,720 15,000	28,961 - -	- 32,720 325	28,961 - -	- 32,720 325
Haslett Public Schools	84.173	220460-2122 220460-2223	000523 000523	16,953 15,219	16,953 -	- 15,219	16,953 -	- 15,219
Holt Public Schools	84.173	220460-2122 220460-2223	000523 000523	29,668 38,047	14,935 -	- 38,047	14,935 -	- 38,047
Lansing School District	84.173	220460-2122 220460-2223 221285-2122	000523 000523 000516	117,964 118,375 38,730	26,243 - -	- 118,375 11,998	26,243 92,329 4,674	- 26,046 7,324
Mason Public Schools	84.173	220460-2122 220460-2223 221285-2122	000523 000523 000516	31,080 33,481 5,400	31,080 - -	- 33,481 1,187	31,080 - -	- 33,481 1,187
Okemos Public Schools	84.173	220460-2122 220460-2223 221285-2122	000523 000523 000516	17,659 22,067 7,722	17,659 - -	- 22,067 3,835	17,659 - -	- 22,067 3,835
Stockbridge Community Schools	84.173	221285-2122	000516	30,660	-	15,217	-	15,217
Waverly Community Schools	84.173	220460-2122 220460-2223 221285-2122	000523 000523 000516	40,263 42,612 4,088	40,263 - -	- 42,612 795	40,263 - -	- 42,612 795
Williamston Community Schools	84.173	220460-2122 220460-2223 221285-2122	000523 000523 000516	11,302 15,980 29,902	11,302 - -	- 15,980 25,376	11,302 - -	- 15,980 25,376
Total Special Education Cluster - Preschool				<u>\$ 745,746</u>	<u>\$ 187,396</u>	<u>\$ 378,344</u>	<u>\$ 284,399</u>	<u>\$ 281,341</u>

The accompanying notes are an integral part of this schedule.

**INGHAM INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
PASS-THROUGH AMOUNTS
YEAR ENDED JUNE 30, 2023**

Program Title/Subrecipient Name	Federal Assistance Listing Number	Due to (from) Subrecipient 7/1/22	Subrecipient Current Year Expenditures	Current year Cash Transferred to Subrecipient	Due to (from) Subrecipient 6/30/23
MEDICAID CLUSTER					
Medical Assistance Program	93.778				
Dansville Schools		\$ 2,482	\$ 8,787	\$ 8,356	\$ 2,913
East Lansing Public Schools		8,548	27,163	25,844	9,867
Haslett Public Schools		6,538	21,016	20,081	7,473
Holt Public Schools		10,961	30,894	29,646	12,209
Lansing School District		32,629	94,290	90,612	36,307
Leslie Public Schools		3,160	8,456	8,119	3,497
Mason Public Schools		8,458	26,068	24,862	9,664
Okemos Public Schools		9,865	30,745	29,293	11,317
Stockbridge Public Schools		3,888	13,405	12,699	4,594
Waverly Community Schools		10,180	30,205	28,705	11,680
Webberville Community Schools		1,304	4,342	4,143	1,503
Williamston Community Schools		5,077	12,208	11,842	5,443
Blended Learning Academies		59	286	267	78
Cole Academy		588	3,510	3,272	826
Great Lakes Learning Academy		516	4,766	4,409	873
Lansing Charter Academy		331	1,212	1,177	366
Michigan Connections Academy		12	73	67	18
Mid-Michigan Leadership Academy		341	1,549	1,471	419
El-Hajj Malik El-Shabazz Academy		42	-	-	42
White Pine Academy		196	520	495	221
Windemere Park Charter Academy		491	1,258	1,220	529
		<u>\$ 105,666</u>	<u>\$ 320,753</u>	<u>\$ 306,580</u>	<u>\$ 119,839</u>
Total Medical Assistance Program					

The accompanying notes are an integral part of this schedule.

**INGHAM INTERMEDIATE SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Ingham Intermediate School District under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Ingham Intermediate School District, it is not intended to and does not present the financial position or changes in net position of Ingham Intermediate School District.

Management has utilized the NexSys Cash Management System (CMS) and the Grant Auditor Report in preparing the Schedule of Expenditures of Federal Awards.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of Significant Accounting Policies - Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. Ingham Intermediate School District has elected to not use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 - RECONCILING WITH AUDITED FINANCIAL STATEMENTS

Federal expenditures are reported as revenue in the following funds in the financial statements:

Total grants revenue	
General fund	\$ 22,556,672
Special education fund	15,154,259
Career and technical education fund	<u>469,930</u>
Total grants	38,180,861
Less non-federal grants	
Local	(4,327,077)
State	<u>(13,696,821)</u>
Total federal grants	20,156,963
Federal revenue per financial statements	345,341
Less Federal QSCB Interest credit	<u>(33,988)</u>
Total federal expenditures	<u><u>\$ 20,468,316</u></u>

Subrecipients - Of the federal expenditures presented in the schedule of expenditures of federal awards, Ingham Intermediate School District provided federal awards to subrecipients reported in the schedule of pass-through amounts.



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Education of the
Ingham Intermediate School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ingham Intermediate School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Ingham Intermediate School District's basic financial statements, and have issued our report thereon dated September 29, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ingham Intermediate School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ingham Intermediate School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Ingham Intermediate School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ingham Intermediate School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maney Costeiran PC

September 29, 2023



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Education of the
Ingham Intermediate School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Ingham Intermediate School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Ingham Intermediate School District's major federal programs for the year ended June 30, 2023. Ingham Intermediate School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Ingham Intermediate School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Ingham Intermediate School District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Ingham Intermediate School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Ingham Intermediate School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Ingham Intermediate School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Ingham Intermediate School District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Ingham Intermediate School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Ingham Intermediate School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Ingham Intermediate School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Maney Costeiran PC

September 29, 2023

**INGHAM INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued based on financial statements prepared in accordance with generally accepted accounting principles:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Title 2 CFR Section 200.516(a)?

_____ Yes X No

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.027, 84.173	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 X Yes _____ No

Section II - Financial Statement Findings

No matters were reported for the year ended June 30, 2023.

Section III - Federal Award Findings and Questioned Costs

No findings or questioned costs were noted for the year ended June 30, 2023.

**INGHAM INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

There were no findings for the prior year.



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September 29, 2023

To the Board of Education of the
Ingham Intermediate School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ingham Intermediate School District for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Ingham Intermediate School District are described in Note 1 to the financial statements. During the fiscal year 2023, the District implemented Governmental Accounting Standard No. 96, *Subscription-Based Information Technology Arrangements*. The application of existing policies was not changed during fiscal year 2023. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Estimates have been used to calculate the net pension liability and the net other postemployment benefit liability.

We evaluated the key factors and assumptions used to develop the balance of the net pension liability and net other postemployment benefit liability in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate in calculating the liability for employee compensated absences.

We evaluated the key factors and assumptions used to develop the balance of employee compensated absences in determining that it is reasonable in relation to the financial statements taken as a whole.

Management’s determination of the estimated life span of the capital assets.

We evaluated the key factors and assumptions used by management to develop the estimated life span of the capital assets in determining that it is reasonable in relation to the financial statements taken as a whole. In addition, certain amounts included in capital assets have been estimated based on an outside appraisal company.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We did not identify any sensitive disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 29, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the District’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) which are required and supplement the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the other supplementary information, which accompany the financial statements but are not RSI. With respect to this other supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the other supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

A separate management letter was not issued.

Restriction on Use

This information is intended solely for the use of the Board of Education and management of Ingham Intermediate School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Maney Costeiran PC