

Monroe County
Intermediate
School District



Year Ended
June 30, 2025

Financial
Statements and
Supplementary
Information

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MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	5
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet – Governmental Funds	18
Reconciliation of Fund Balances of Governmental Funds to Net Position of Governmental Activities	19
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	20
Reconciliation of Net Changes in Fund Balances of Governmental Funds to Change in Net Position of Governmental Activities	21
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual –	
General Fund	22
Special Education Fund	23
Statement of Fiduciary Net Position – Fiduciary Fund	24
Statement of Changes in Fiduciary Net Position – Fiduciary Fund	25
Notes to Financial Statements	27
Required Supplementary Information	
MPERS Cost-Sharing Multiple Employer Plan:	
Schedule of the District's Proportionate Share of the Net Pension Liability	54
Schedule of the District's Pension Contributions	56
Schedule of the District's Proportionate Share of the Net Other Postemployment Benefit (Asset) Liability	58
Schedule of the District's Other Postemployment Benefit Contributions	60
Notes to Required Supplementary Information	62
Combining Fund Financial Statements	
Combining Balance Sheet – Nonmajor Governmental Funds	66
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	67



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INDEPENDENT AUDITORS' REPORT

October 24, 2025

Board of Education
Monroe County Intermediate School District
Monroe, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Monroe County Intermediate School District** (the "District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2025, and the respective changes in financial position thereof and the respective budgetary comparisons for the general fund and the special education fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Implementation of GASB Statement No. 101

As described in Note 14, the District implemented the provisions of GASB Statement No. 101, *Compensated Absences*, in the current year. Accordingly, beginning net position of the governmental activities was restated. Our opinion is not modified with respect to this matter.

Basis for Opinions

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



Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

Independent Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 the schedules for the pension and other postemployment benefit plan, as listed 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 the District's basic financial statements. The combining fund financial statements 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 were derived from and relate 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 combining fund financial statements 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, under a separate cover, our report dated October 24, 2025, on our consideration of the 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 the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Lehmann Johnson LLC".

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MANAGEMENT'S DISCUSSION AND ANALYSIS

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Management's Discussion and Analysis

This section of the Monroe County Intermediate School District's (the "District") annual financial report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2025. Please read it in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

· Total net position	\$ (11,040,072)
· Change in total net position	18,815,107
· Fund balances, governmental funds	54,507,625
· Change in fund balances, governmental funds	9,994,262
· Unassigned fund balance, general fund	13,184,380
· Change in fund balance, general fund	1,077,477
· General obligation bonds	5,030,000
· Change in general obligation bonds	5,030,000

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the residual reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the District include instruction, supporting services, community services, food services, and interdistrict payments.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Management's Discussion and Analysis

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains numerous individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund and the special education fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The accounting used for fiduciary funds is the accrual basis of accounting.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the fund financial statement section of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This is limited to this management's discussion and analysis and the schedules for the Michigan Public School Employees' Retirement System (MPSERS) pension and other postemployment benefit plan immediately following the notes to the financial statements. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Management's Discussion and Analysis

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$11.0 million at the close of the most recent fiscal year.

The District's investment in capital assets was \$6.9 million at June 30, 2025. The District uses these capital assets to provide services to the students it serves; consequently, these assets are not available for future spending.

The District as a Whole

The statement of net position provides the perspective of the District as a whole. A summary of the District's net position as of the current and prior fiscal years ended June 30 is as follows:

	Net Position	
	2025	2024
Assets		
Current and other assets	\$ 81,976,993	\$ 59,397,322
Capital assets, net	10,205,114	6,280,559
Total assets	<u>92,182,107</u>	<u>65,677,881</u>
Deferred outflows of resources	<u>26,024,399</u>	<u>34,071,723</u>
Liabilities		
Long-term liabilities	79,283,959	92,198,639
Other liabilities	15,155,940	13,025,069
Total liabilities	<u>94,439,899</u>	<u>105,223,708</u>
Deferred inflows of resources	<u>34,806,679</u>	<u>21,729,897</u>
Net position		
Investment in capital assets	6,878,660	6,280,559
Restricted	50,673,786	33,591,597
Unrestricted (deficit)	<u>(68,592,518)</u>	<u>(67,076,157)</u>
Total net position	<u>\$ (11,040,072)</u>	<u>\$ (27,204,001)</u>

The District is required to report its proportionate share of the MPSERS net pension liability and net other postemployment benefit asset and related deferred amounts on the statement of net position. This change has resulted in a negative total net position of governmental activities of \$11.0 million. Of this amount, \$(68.6 million) is unrestricted net position (deficit) and \$50.7 million represents resources that are subject to external restrictions on how they may be used. The operating results of the general fund will have a significant impact on the change in unrestricted net position from year to year.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Management's Discussion and Analysis

The results of this year's operations for the District as a whole are reported in the statement of activities, which shows the changes in net position for the fiscal year 2025.

	Change in Net Position	
	2025	2024
Program revenues		
Charges for services	\$ 23,390	\$ 24,753
Operating grants and contributions	56,398,799	52,374,346
General revenues		
Property taxes	34,713,534	32,928,705
Unrestricted state aid	1,883,314	1,883,314
Unrestricted investment earnings	812,188	604,371
Total revenues	<u>93,831,225</u>	<u>87,815,489</u>
Function/program expenses		
Instruction	19,459,443	20,521,200
Supporting services	34,238,802	34,423,197
Community services	1,152,525	1,347,182
Food services	224,054	222,906
Interdistrict payments	19,820,586	20,164,636
Total expenses	<u>75,016,118</u>	<u>76,679,121</u>
Change in net position	18,815,107	11,136,368
Net position (deficit):		
Beginning of year	(27,204,001)	(38,340,369)
Restatement of implementation of GASB 101	(2,651,178)	-
Net position, end of year	<u>\$ (11,040,072)</u>	<u>\$ (27,204,001)</u>

Change in Net Position

As reported in the statement of activities, the cost of all of the District's governmental activities this year was \$75.0 million. Certain activities were partially funded from those who benefited from the programs which totaled approximately \$23,000. Activities funded by other governments and organizations that subsidized certain programs with grants and contributions totaled \$56.4 million. The District paid for the remaining "public benefit" portion of governmental activities with \$34.7 million in taxes, \$1.9 million in unrestricted state aid, and with other revenues, (i.e., interest and general entitlements). The District experienced an increase in net position of \$18.8 million during the current year. The increase in net position was primarily due to a decrease in the pension and OPEB expenses, along with an increase in the local tax revenue and operating grants collected.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Management's Discussion and Analysis

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

Governmental Funds

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$54.5 million, an increase of \$10.0 million from the prior year. Approximately 24% of this total amount constitutes *unassigned fund balance*, which is available for spending at the District's discretion. The remainder of fund balance is nonspendable (approximately \$58,000), restricted (\$38.2 million), and committed (\$3.0 million).

General Fund. The general fund is the chief operating fund of the District, and represents the District's unassigned fund balance. At the end of the current fiscal year, unassigned fund balance of the general fund was \$13.2 million. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents approximately 50% of total general fund expenditures.

During the current fiscal year, the fund balance in the District's general fund increased by \$1.1 million, as compared with the increase during the 2023-24 school year of \$1.3 million. This was primarily the result of increased property tax collections, increased indirect transfers, and underspending of some contingency areas.

Special Education Fund. During the current fiscal year, fund balance in the District's special education fund increased by \$6.5 million, and the ending fund balance was \$38.2 million. Fund balance increased due to several staff positions being vacant due to a lack of available staffing, State collections to offset retirement expenses, timing of the Special Education funding cycle, and increases in local property tax collections.

General Fund Budgetary Highlights

The original budget was modified during the year as additional information was known. Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was actually adopted just before year end. A statement showing the District's original and final budget amounts compared with amounts actually earned and incurred is provided in the statement of revenues, expenditures, and changes in fund balance – budget and actual.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Management's Discussion and Analysis

The change between the original and final amended budget for revenues was an increase of \$5.4 million. State sources increased by \$4.0 million due to the original budget being adopted by the Board of Education when the State's budget had not been finalized, along with carryover allocation increases. Several new categories of funding were added by the State, including a one-time pass through to the retirement system. Federal sources increased by \$1.2 million due to final allocation adjustments for the carryover of the Trails grant, among various grants, along with an increase in the Regional Assistance Grant funding.

The change between the original and final amended budget for expenditures was an increase of \$4.6 million. Instruction expenditures increased by \$0.6 million due to added instructional expenses from State GSRP grant increases and carryover. Supporting services increased by \$1.6 million due to increases in the State's UAAL funding requirements and GSRP expansion. Community services increased by \$0.2 million due to higher needs in new State grants and 32P allocations. Interdistrict payments increased by \$2.0 million due to GSRP expansion and added subrecipient levels in various grants.

Actual revenue was below final budgeted amounts by approximately \$3.8 million due primarily to the District budgeting for grant allocations to be fully spent, but the grant periods not aligning with the District's fiscal year-end. Actual expenditures were less than final budgeted amounts by approximately \$5.1 million due to conservative budgeting practices by the District and unspent grant funds that will be carried over to the next year.

Capital Assets and Debt Administration

Capital Assets. The District's investment in capital assets for its governmental activities as of June 30, 2025, totaled \$10.2 million (net of accumulated depreciation), as compared to prior year's investment of \$6.3 million. This investment in capital assets includes land, construction in progress, buildings and improvements, buses and other vehicles, and furniture and equipment.

The major capital asset acquisitions during the current fiscal year were the following:

• Construction in progress for ESPC Projects	\$ 1,872,027
• ESPC Projects	1,457,731
• District Laptops	329,039
• IT Server and Switch Upgrades	233,911
• District iPads	138,002
• Bus Security Camera System	81,319
• Building Office Renovations	66,089
• 2024 Transit Van for Transition Center	62,565
• Building Security Camera System Expansion	53,920
• IP Phone System Replacement	37,269

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Management's Discussion and Analysis

	District's Capital Assets (net of depreciation)	
	2025	2024
Land	\$ 150,882	\$ 150,882
Construction in progress	1,872,027	-
Buildings and improvements	4,995,959	4,900,680
Buses and other vehicles	459,697	490,451
Furniture and equipment	2,726,549	738,546
Total	<u>\$ 10,205,114</u>	<u>\$ 6,280,559</u>

Additional information on the District's capital assets can be found in the notes to the financial statements.

Long-term Debt. The District's long-term liabilities include general obligations of \$5.0 million, all of which was related to a new issuance of debt in the current year, and is intended for the purpose of remodeling, equipping, and furnishing school buildings including energy conservation improvements. The District presents more detailed information about our long-term debt in the notes to the financial statements.

Economic Factors and Next Year's Budget and Rates

Our Board of Education and administration consider many factors when setting the District's 2025-2026 fiscal year budgets. The 2025-2026 budget was adopted in June 2025.

The District relies heavily upon property taxes as a funding source, receiving approximately 37% of its revenue from property taxes. Annual growth and changes in taxable values across Monroe County will have a direct impact on District revenues. The District continues to monitor potential implications of valuation cases and fluctuations.

Since the District's revenue is dependent on State categorical funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts. The State's funding to Intermediate School Districts has increased slower in recent years with many of the larger items for revenue increases tied to legislation that forced restricted spending in many areas.

The overall financial position of the District at June 30, 2025 remains sound; however, the District will have to continue to evaluate the use of fund balance in balancing the budget. In the future, the fund balance of both the general fund and the special education fund may be reduced because of decreased state and/or federal appropriations, changes in property tax values, and increases in operational costs.

Contacting the District's Management

This financial report is intended to provide our taxpayers, parents, and investors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the Business Office at 1101 S. Raisinville Road, Monroe, MI 48161.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Statement of Net Position

June 30, 2025

	Governmental Activities
Assets	
Cash and investments	\$ 59,406,695
Receivables, net	10,305,578
Prepaid items and other assets	57,641
Net other postemployment benefit asset	12,207,079
Capital assets not being depreciated	2,022,909
Capital assets being depreciated, net	<u>8,182,205</u>
Total assets	<u>92,182,107</u>
Deferred outflows of resources	
Deferred pension amounts	22,427,951
Deferred other postemployment benefit amounts	<u>3,596,448</u>
Total deferred outflows of resources	<u>26,024,399</u>
Liabilities	
Accounts payable and accrued liabilities	8,903,530
Unearned revenue	6,252,410
Long-term debt:	
Due within one year	3,418,515
Due in more than one year	6,608,027
Net pension liability (due in more than one year)	<u>69,257,417</u>
Total liabilities	<u>94,439,899</u>
Deferred inflows of resources	
Deferred pension amounts	19,190,556
Deferred other postemployment benefit amounts	<u>15,616,123</u>
Total deferred inflows of resources	<u>34,806,679</u>
Net position	
Investment in capital assets	6,878,660
Restricted for:	
Other postemployment benefits	12,207,079
Special education	38,386,033
Food service	16,399
Technology	64,275
Unrestricted (deficit)	<u>(68,592,518)</u>
Total net position	<u>\$ (11,040,072)</u>

The accompanying notes are an integral part of these financial statements.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Statement of Activities

For the Year Ended June 30, 2025

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Governmental activities				
Instruction	\$ 19,459,443	\$ 6,752	\$ 46,765,248	\$ 27,312,557
Supporting services	34,238,802	-	4,412,251	(29,826,551)
Community services	1,152,525	-	1,306,704	154,179
Food services	224,054	16,638	145,679	(61,737)
Interdistrict payments	19,820,586	-	3,768,917	(16,051,669)
Interest on long-term debt	120,708	-	-	(120,708)
Total	<u>\$ 75,016,118</u>	<u>\$ 23,390</u>	<u>\$ 56,398,799</u>	<u>(18,593,929)</u>
General revenues				
Property taxes				34,713,534
Unrestricted state aid				1,883,314
Unrestricted investment earnings				812,188
Total general revenues				<u>37,409,036</u>
Change in net position				<u>18,815,107</u>
Net position, beginning of year as previously reported				(27,204,001)
Restatement - GASB 101 Implementation				(2,651,178)
Net position, beginning of year, as restated				<u>(29,855,179)</u>
Net position, end of year				<u>\$ (11,040,072)</u>

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Balance Sheet

Governmental Funds
June 30, 2025

	General Fund	Special Education Fund	Nonmajor Governmental Funds	Totals
Assets				
Cash and investments	\$ 15,601,461	\$ 39,364,128	\$ 4,441,106	\$ 59,406,695
Accounts receivable	4,876,008	5,151,488	24,203	10,051,699
Taxes receivable, net	12,750	180,523	60,606	253,879
Inventory	-	2,543	2,730	5,273
Prepaid items	34,599	17,769	-	52,368
Total assets	\$ 20,524,818	\$ 44,716,451	\$ 4,528,645	\$ 69,769,914
Liabilities				
Accounts payable	814,743	1,154,204	1,402,279	3,371,226
Accrued payroll and other liabilities	1,268,715	4,135,744	-	5,404,459
Unearned revenue	5,210,831	1,040,470	1,109	6,252,410
Total liabilities	7,294,289	6,330,418	1,403,388	15,028,095
Deferred inflows of resources				
Unavailable revenue - taxes receivable	11,550	166,123	56,521	234,194
Fund balances				
Nonspendable:				
Inventory	-	2,543	2,730	5,273
Prepaid items	34,599	17,769	-	52,368
Restricted for:				
Special education	-	38,199,598	-	38,199,598
Food service	-	-	13,669	13,669
Technology	-	-	7,754	7,754
Committed for:				
Student/school activities	-	-	56,006	56,006
Capital projects	-	-	2,988,577	2,988,577
Unassigned	13,184,380	-	-	13,184,380
Total fund balances	13,218,979	38,219,910	3,068,736	54,507,625
Total liabilities, deferred inflows of resources, and fund balances	\$ 20,524,818	\$ 44,716,451	\$ 4,528,645	\$ 69,769,914

The accompanying notes are an integral part of these financial statements.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2025

Fund balances - total governmental funds \$ 54,507,625

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

Long-term receivables are reported as an asset and revenue when earned on the statement of net position and the statement of activities while the governmental funds report these balances as an asset and deferred inflows of resources until the availability criterion for revenue recognition is met.

Deferred inflows of resources for taxes receivables 234,194

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.

Capital assets not being depreciated 2,022,909

Capital assets being depreciated, net 8,182,205

Certain liabilities, such as bonds, notes, and other long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.

In addition, funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are capitalized on the statement of net position and amortized.

Bonds and other long-term liabilities (5,030,000)

Unamortized bond premium (237,570)

Compensated absences (4,758,972)

Accrued interest on bonds payable (127,845)

Certain pension and other postemployment benefit-related amounts, such as the net pension liability, the net other postemployment benefit asset, and deferred amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds.

Net pension liability (69,257,417)

Deferred outflows or resources related to the net pension liability 22,427,951

Deferred inflows or resources related to the net pension liability (19,190,556)

Net other postemployment benefit asset 12,207,079

Deferred outflows or resources related to the net other postemployment benefit asset 3,596,448

Deferred inflows or resources related to the net other postemployment benefit asset (15,616,123)

Net position of governmental activities \$ (11,040,072)

The accompanying notes are an integral part of these financial statements.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2025

	General Fund	Special Education Fund	Nonmajor Governmental Funds	Totals
Revenues				
Local sources	\$ 3,076,509	\$ 28,231,968	\$ 7,387,323	\$ 38,695,800
State sources	13,377,524	24,969,488	262,961	38,609,973
Federal sources	5,551,159	7,158,939	75,659	12,785,757
Interdistrict sources	3,740,743	28,174	-	3,768,917
Total revenues	<u>25,745,935</u>	<u>60,388,569</u>	<u>7,725,943</u>	<u>93,860,447</u>
Expenditures				
Current:				
Instruction	7,051,593	16,046,690	-	23,098,283
Supporting services	13,172,261	27,389,425	40,364	40,602,050
Community services	1,100,771	257,850	-	1,358,621
Food services	-	-	214,560	214,560
Capital outlay	414,989	-	3,552,307	3,967,296
Interdistrict payments	4,888,071	7,732,695	7,199,820	19,820,586
Issuance costs	-	-	79,496	79,496
Total expenditures	<u>26,627,685</u>	<u>51,426,660</u>	<u>11,086,547</u>	<u>89,140,892</u>
Revenues over (under) expenditures	<u>(881,750)</u>	<u>8,961,909</u>	<u>(3,360,604)</u>	<u>4,719,555</u>
Other financing sources (uses)				
Issuance of bonds and other long-term liabilities	-	-	5,274,707	5,274,707
Transfers in	2,507,958	475,042	710,000	3,693,000
Transfers out	(548,731)	(2,948,366)	(195,903)	(3,693,000)
Total other financing sources (uses)	<u>1,959,227</u>	<u>(2,473,324)</u>	<u>5,788,804</u>	<u>5,274,707</u>
Net change in fund balances	<u>1,077,477</u>	<u>6,488,585</u>	<u>2,428,200</u>	<u>9,994,262</u>
Fund balances, beginning of year	<u>12,141,502</u>	<u>31,731,325</u>	<u>640,536</u>	<u>44,513,363</u>
Fund balances, end of year	<u>\$ 13,218,979</u>	<u>\$ 38,219,910</u>	<u>\$ 3,068,736</u>	<u>\$ 54,507,625</u>

The accompanying notes are an integral part of these financial statements.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended June 30, 2025

Net change in fund balances - total governmental funds \$ 9,994,262

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

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

Capital assets purchased/constructed	4,390,184
Depreciation expense	(465,629)

Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Issuance of bonds and other long-term liabilities	(5,274,707)
Amortization of bond premium	7,137
Change in accrued interest payable on long-term debt	(127,845)
Change in the accrual for compensated absences	(237,007)

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 funds.

Change in the net pension liability and related deferred amounts	5,592,228
Change in the net other postemployment benefit asset/liability and related deferred amounts	<u>4,965,706</u>

Change in net position of governmental activities \$ 18,815,107

The accompanying notes are an integral part of these financial statements.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Local sources	\$ 3,094,008	\$ 3,298,127	\$ 3,076,509	\$ (221,618)
State sources	12,353,253	16,308,286	13,377,524	(2,930,762)
Federal sources	4,998,659	6,205,730	5,551,159	(654,571)
Interdistrict sources	3,656,455	3,705,050	3,740,743	35,693
Total revenues	<u>24,102,375</u>	<u>29,517,194</u>	<u>25,745,935</u>	<u>(3,771,259)</u>
Expenditures				
Current:				
Instruction:				
Basic programs	6,922,967	7,456,380	6,863,149	(593,231)
Added needs	181,181	226,412	188,444	(37,968)
Total instruction	<u>7,104,148</u>	<u>7,682,791</u>	<u>7,051,593</u>	<u>(631,198)</u>
Supporting services:				
Pupil services	2,962,589	3,644,620	2,510,651	(1,133,969)
Instructional support	3,603,261	4,312,557	3,763,703	(548,854)
General administration	656,421	660,223	620,387	(39,836)
School administration	508,364	496,512	490,693	(5,819)
Business services	1,746,142	1,778,624	1,626,266	(152,358)
Operations and maintenance	751,256	791,530	628,346	(163,184)
Central support	3,615,138	3,680,101	3,315,093	(365,008)
Transportation	143,047	243,995	217,122	(26,873)
Total supporting services	<u>13,986,218</u>	<u>15,608,161</u>	<u>13,172,261</u>	<u>(2,435,900)</u>
Community services	<u>1,139,659</u>	<u>1,374,555</u>	<u>1,100,771</u>	<u>(273,784)</u>
Capital outlay	<u>516,000</u>	<u>671,262</u>	<u>414,989</u>	<u>(256,273)</u>
Interdistrict payments	<u>4,380,151</u>	<u>6,358,839</u>	<u>4,888,071</u>	<u>(1,470,768)</u>
Total expenditures	<u>27,126,176</u>	<u>31,695,608</u>	<u>26,627,685</u>	<u>(5,067,923)</u>
Revenues under expenditures	<u>(3,023,801)</u>	<u>(2,178,414)</u>	<u>(881,750)</u>	<u>1,296,664</u>
Other financing sources (uses)				
Transfers in	2,588,204	2,505,919	2,507,958	2,039
Transfers out	(548,731)	(548,731)	(548,731)	-
Total other financing sources (uses)	<u>2,039,473</u>	<u>1,957,188</u>	<u>1,959,227</u>	<u>2,039</u>
Net change in fund balance	<u>(984,328)</u>	<u>(221,226)</u>	<u>1,077,477</u>	<u>1,298,703</u>
Fund balance, beginning of year	<u>12,141,502</u>	<u>12,141,502</u>	<u>12,141,502</u>	<u>-</u>
Fund balance, end of year	<u>\$ 11,157,174</u>	<u>\$ 11,920,276</u>	<u>\$ 13,218,979</u>	<u>\$ 1,298,703</u>

The accompanying notes are an integral part of these financial statements.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - Special Education Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Local sources	\$ 28,941,531	\$ 29,034,990	\$ 28,231,968	\$ (803,022)
State sources	20,111,661	25,201,453	24,969,488	(231,965)
Federal sources	6,941,407	7,191,234	7,158,939	(32,295)
Interdistrict sources	20,880	31,824	28,174	(3,650)
Total revenues	<u>56,015,479</u>	<u>61,459,501</u>	<u>60,388,569</u>	<u>(1,070,932)</u>
Expenditures				
Current:				
Instruction -				
Added needs	<u>19,342,850</u>	<u>20,104,536</u>	<u>16,046,690</u>	<u>(4,057,846)</u>
Supporting services:				
Pupil services	22,206,503	23,842,476	20,717,376	(3,125,100)
Instructional support	3,121,458	3,316,611	3,109,622	(206,989)
General administration	95,831	95,831	73,327	(22,504)
School administration	539,169	572,770	536,751	(36,019)
Business services	267,910	229,410	116,345	(113,065)
Operations and maintenance	1,251,081	1,368,612	1,062,223	(306,389)
Central support	450,187	472,283	393,342	(78,941)
Transportation	<u>1,562,992</u>	<u>1,722,132</u>	<u>1,380,439</u>	<u>(341,693)</u>
Total supporting services	<u>29,495,131</u>	<u>31,620,126</u>	<u>27,389,425</u>	<u>(4,230,701)</u>
Community services	<u>308,584</u>	<u>304,346</u>	<u>257,850</u>	<u>(46,496)</u>
Capital outlay	<u>153,300</u>	<u>107,297</u>	<u>-</u>	<u>(107,297)</u>
Interdistrict payments	<u>7,983,178</u>	<u>7,858,430</u>	<u>7,732,695</u>	<u>(125,735)</u>
Total expenditures	<u>57,283,043</u>	<u>59,994,735</u>	<u>51,426,660</u>	<u>(8,568,075)</u>
Revenues over (under) expenditures	<u>(1,267,564)</u>	<u>1,464,766</u>	<u>8,961,909</u>	<u>7,497,143</u>
Other financing sources (uses)				
Transfers in	474,521	474,934	475,042	108
Transfers out	<u>(2,965,204)</u>	<u>(2,966,497)</u>	<u>(2,948,366)</u>	<u>(18,131)</u>
Total other financing sources (uses)	<u>(2,490,683)</u>	<u>(2,491,563)</u>	<u>(2,473,324)</u>	<u>(18,023)</u>
Net change in fund balance	<u>(3,758,247)</u>	<u>(1,026,797)</u>	<u>6,488,585</u>	<u>7,479,120</u>
Fund balance, beginning of year	<u>31,731,325</u>	<u>31,731,325</u>	<u>31,731,325</u>	<u>-</u>
Fund balance, end of year	<u>\$ 27,973,078</u>	<u>\$ 30,704,528</u>	<u>\$ 38,219,910</u>	<u>\$ 7,479,120</u>

The accompanying notes are an integral part of these financial statements.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Statement of Fiduciary Net Position

Fiduciary Fund

June 30, 2025

	Custodial Fund
Assets	
Cash and investments	\$ 44,311
Liabilities	
Accounts payable	<u>261</u>
Net position	
Restricted for other groups	<u><u>\$ 44,050</u></u>

The accompanying notes are an integral part of these financial statements.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position

Fiduciary Fund

For the Year Ended June 30, 2025

	Custodial Fund
Additions	
Private donations and contributions	\$ 13,894
Deductions	
Payments to other groups	<u>8,612</u>
Change in net position	5,282
Net position, beginning of year	<u>38,768</u>
Net position, end of year	<u><u>\$ 44,050</u></u>

The accompanying notes are an integral part of these financial statements.

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NOTES TO FINANCIAL STATEMENTS

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Monroe County Intermediate School District (the "District") has followed the guidelines of the Governmental Accounting Standards Board and has determined that no entities should be consolidated into its basic financial statements as component units. Therefore, the reporting entity consists of the primary government financial statements only. The criteria for including a component unit include significant operational or financial relationships with the District.

Government-wide and Fund 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 non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District had no business-type activities during the year.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. *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 or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting* as are the fiduciary fund financial statements. 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.

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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, or one year for reimbursement-based grants. 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.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

Property taxes received and grant and interest revenue earned within the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those accounted for and reported in another fund.

The *special education special revenue fund* accounts for special education initiatives carried out by the District, which are primarily financed through restricted state aid and property taxes.

Additionally, the District reports the following fund types:

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The *custodial fund* is used to account for assets held for other groups and organizations and are custodial in nature.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity

Deposits and Investments

The District's cash and investments 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.

Investments are reported at fair value.

Receivables and Payables

The District follows the practice of recording revenues that have been earned but not yet received as receivables. All trade and property tax receivables are shown net of an allowance for uncollectible accounts. The District's allowance for doubtful accounts is related to delinquent property taxes receivable. Accounts payable and other payables reflected in the financial statements are based on when the liability is incurred.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

Inventories and Prepaids

Inventory is valued at the lower of cost (first in, first out) or market. Inventory in the special education fund and food service fund consists of expendable supplies held for consumption. The cost is recorded as an expenditure when consumed rather than when purchased. Reported inventories are equally offset by nonspendable fund balance which indicates that they do not constitute “available spendable resources” even though they are a component of fund balance.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include property and equipment, are reported in the governmental activities column 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 one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition cost 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

	Years
Buildings and improvements	20-50
Buses and other vehicles	8-10
Furniture and equipment	5-20

Deferred Outflows of Resources

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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports deferred outflows of resources related to the net pension liability and the net other postemployment benefit asset. A portion of these costs represent contributions to the plan subsequent to the plan measurement date.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

Salaries Payable and Accrued Employee Benefits

A liability is recorded at June 30 for those amounts owed to teachers and other employees of the District who do not work during the summer when school is not in session but have elected to have their salaries paid over an entire year. This has the effect of properly charging their salaries to expenditures in the fiscal year in which their services are received, even though they are not paid until July and August of the following fiscal year.

The liability for accrued retirement and the employer share of FICA related to the salaries payable has been recorded as has the liability for employee health insurances for the months of July and August. The District pays these insurances for this period as a part of the compensation for services rendered in the preceding school year.

Compensated Absences

The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences - vacation and sick. The liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial 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 assets that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues, which arise only under a modified accrual basis of accounting that are reported as deferred inflows of resources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District also reports deferred inflows of resources related to the net pension liability and the net other postemployment benefit asset in the government-wide statement of net position.

Fund Balance

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of the resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority, the Board of Education. A formal resolution of the Board of Education is required to establish, modify or rescind a fund balance commitment. The District reports assigned fund balance for amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Education has delegated the authority to assign fund balance to the Assistant Superintendent for Business and Administrative Services. Unassigned fund balance is the residual classification for the general fund.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

When the District incurs an expenditure for purposes for which various fund balance classifications can be used, it is the District's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

Pensions and Other Postemployment Benefits

For purposes of measuring the net pension liability and the net other postemployment benefit asset, deferred outflows of resources, and deferred inflows of resources related to pension and other postemployment benefits, and pension and other postemployment benefit expense, information about the fiduciary net position of the plan and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plan. 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.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The District utilizes various investment instruments which are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near-term and that such changes could materially affect the amounts reported in the financial statements.

2. BUDGETARY INFORMATION

The general and special revenue funds are under formal budgetary control. Budgets shown in the financial statements are adopted on a basis consistent with GAAP, and are not significantly different from the modified accrual basis used to reflect actual results, and consist only of those amounts contained in the formal budget as originally adopted or as amended by the Board of Education. All annual appropriations lapse at fiscal year end. The budgets for the general and special revenue funds are adopted on a functional basis.

During the year ended June 30, 2025, the District did not incur expenditures which were in excess of the amounts appropriated.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

3. DEPOSITS AND INVESTMENTS

A reconciliation of cash and investments as shown on the Statement of Net Position and Statement of Fiduciary Net Position follows:

Statement of net position

Cash and investments	\$ 59,406,695
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Statement of fiduciary net position

Cash and investments	<u>44,311</u>
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	<u>\$ 59,451,006</u>
--	----------------------

Bank deposits (checking and savings accounts)	\$ 25,905,077
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Commercial deposits	5,225,250
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Investments	<u>28,320,679</u>
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	<u>\$ 59,451,006</u>
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Statutory Authority

State statutes authorize the District to deposit and invest in:

- Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State. In a primary or fourth class school district, the bonds, bills, or notes shall be payable at the option of the holder upon not more than 90 days notice or, if not so payable, shall have maturity dates not more than five years after the purchase dates.
- Certificates of deposit insured by a State or national bank, savings accounts of a state or federal savings and loan association, or certificates of deposit or share certificates of a state or federal credit union organized and authorized to operate in this State.
- Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
- Securities issued or guaranteed by agencies or instrumentalities of the United States government or federal agency obligation repurchase agreements, and bankers' acceptance issued by a bank that is a member of the federal deposit insurance corporation.
- Mutual funds composed entirely of investment vehicles that are legal for direct investment by a school district.
- Investment pools, as authorized by the surplus funds investment pool act, composed entirely of instruments that are legal for direct investment by a school district.

The District's investment policy allows for all of these types of investments.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

The District chooses to disclose its investments by specifically identifying each. At June 30, 2025, the District had the following investments:

Investment	Maturity	Fair Value
Fifth Third Securities:		
Money market fund	n/a	\$ 2,331,772
Commercial paper	< 1 year	3,914,560
U.S. agencies:		
	< 1 year	633,609
	1-5 years	1,074,945
U.S. treasuries:		
	< 1 year	16,991,936
	1-5 years	<u>3,373,857</u>
		<u>\$ 28,320,679</u>

Investment and Deposit Risk

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the list of authorized investments above. The District's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturity dates for the investments held at year end are identified in the table above.

Credit Risk. State law limits investments to specific government securities, certificates of deposits, and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments above. The District's investment policy does not have specific limits in excess of state law on investment credit risk. As of June 30, 2025, the District's investments were rated by Standard & Poor's as follows:

	Rating
AA+	\$ 22,074,347
AAAm	2,331,772
A-1+	<u>3,914,560</u>
	<u>\$ 28,320,679</u>

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned. State law does not require and the District does not have a policy for deposit custodial credit risk. As of year end, \$30,759,911 of the District’s bank balance of \$31,259,911 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk – Investments. For an investment, custodial credit risk 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. State law does not require and the District does not have a policy for investment custodial credit risk. None of the District’s investments are subject to custodial credit risk because their existence is not evidenced by securities in physical or book form.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments above. The District’s investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year end are reported above.

Fair Value

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs.

The District's recurring fair value measurement as of June 30, 2025 for its investments in commercial paper, U.S. agencies, and U.S. treasuries are valued using significant other observable inputs of the underlying securities and bonds (Level 2 inputs).

4. RECEIVABLES

Receivables as of year end for the District’s individual major funds and nonmajor funds in the aggregate, are as follows:

	General Fund	Special Education Fund	Nonmajor Governmental Funds	Totals
Accounts receivable	\$ 4,876,008	\$ 5,151,488	\$ 24,203	\$ 10,051,699
Property taxes	40,871	558,608	159,772	759,251
Less: allowance for uncollectible accounts	<u>(28,121)</u>	<u>(378,085)</u>	<u>(99,166)</u>	<u>(505,372)</u>
	<u>\$ 4,888,758</u>	<u>\$ 5,332,011</u>	<u>\$ 84,809</u>	<u>\$ 10,305,578</u>

The District has estimated that \$234,194 is not expected to be collected within one year.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

5. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets not being depreciated:				
Land	\$ 150,882	\$ -	\$ -	\$ 150,882
Construction in progress	-	1,872,027	-	1,872,027
	<u>150,882</u>	<u>1,872,027</u>	<u>-</u>	<u>2,022,909</u>
Capital assets being depreciated:				
Buildings and improvements	10,428,966	324,055	-	10,753,021
Buses and other vehicles	1,698,775	62,564	(23,242)	1,738,097
Furniture and equipment	1,669,282	2,131,538	(73,910)	3,726,910
	<u>13,797,023</u>	<u>2,518,157</u>	<u>(97,152)</u>	<u>16,218,028</u>
Less accumulated depreciation for:				
Buildings and improvements	(5,528,286)	(228,776)	-	(5,757,062)
Buses and other vehicles	(1,208,324)	(93,318)	23,242	(1,278,400)
Furniture and equipment	(930,736)	(143,535)	73,910	(1,000,361)
	<u>(7,667,346)</u>	<u>(465,629)</u>	<u>97,152</u>	<u>(8,035,823)</u>
Total capital assets being depreciated, net	<u>6,129,677</u>	<u>2,052,528</u>	<u>-</u>	<u>8,182,205</u>
Capital assets, net	<u>\$ 6,280,559</u>	<u>\$ 3,924,555</u>	<u>\$ -</u>	<u>\$ 10,205,114</u>

Depreciation expense of \$456,135 and \$9,494 was reported on the statement of activities as “supporting services” and “food services”, respectively.

As of June 30, 2025, the District had \$1,714,017 in construction commitments related to contracts for future capital improvements.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities as of year end for the District's individual major and nonmajor funds are as follows:

	General Fund	Special Education Fund	Nonmajor Governmental Funds	Totals
Accounts payable	\$ 814,743	\$ 1,154,204	\$ 1,402,279	\$ 3,371,226
Accrued payroll and other liabilities	1,268,715	4,135,744	-	5,404,459
	<u>\$ 2,083,458</u>	<u>\$ 5,289,948</u>	<u>\$ 1,402,279</u>	8,775,685
			Government-wide Financial Statements - Accrued interest on bonds and other long-term liabilities	<u>127,845</u>
				<u>\$ 8,903,530</u>

7. INTERFUND TRANSFERS

For the year ended June 30, 2025, interfund transfers consisted of the following:

	Transfers in	Transfers out
General fund	\$ 2,507,958	\$ 548,731
Special education fund	475,042	2,948,366
Nonmajor governmental funds	710,000	195,903
	<u>\$ 3,693,000</u>	<u>\$ 3,693,000</u>

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

For the year ended June 30, 2025, the District transferred funds to provide resources for the special education fund, the food service fund, the capital projects fund, the technology enhancement fund, and the general fund primarily for operating purposes and to charge grant related indirect costs.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

8. BONDS AND OTHER LONG-TERM LIABILITIES

Bonds and other long-term liabilities activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Amount Due Within One Year
General obligation bonds	\$ -	\$ 5,030,000	\$ -	\$ 5,030,000	\$ 75,000
Unamortized bond premium	-	244,707	(7,137)	237,570	12,235
Compensated absences*	4,521,965	237,007	-	4,758,972	3,331,280
Total bonds and other long-term debt	\$ 4,521,965	\$ 5,511,714	\$ (7,137)	\$ 10,026,542	\$ 3,418,515

* The change in compensated absences above is a net change for the year.

General obligation bonds payable consist of the following issues:

General obligation bonds

2024 Energy Conservation and Improvement Bonds, due in semi-annual installments of \$75,000 to \$365,000 with payments commencing November 1, 2025 and final payment due November 1, 2044, interest at 4.00% to 5.00%. \$ 5,030,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ended June 30,	Principal	Interest	Total
2026	\$ 75,000	\$ 309,275	\$ 384,275
2027	170,000	212,500	382,500
2028	175,000	203,875	378,875
2029	185,000	194,875	379,875
2030	195,000	185,375	380,375
2031-2035	1,130,000	766,750	1,896,750
2036-2040	1,405,000	483,900	1,888,900
2041-2045	1,695,000	174,300	1,869,300
Totals	\$ 5,030,000	\$ 2,530,850	\$ 7,560,850

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

9. RISK MANAGEMENT

The District is exposed to various risks of loss related to property loss, torts, errors, and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The District has purchased commercial insurance for medical claims and participates in the MASB/SET-SEG (risk pool) for claims relating to employee injuries/workers' compensation, general liability, and property casualty. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

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

10. PROPERTY TAXES

Property taxes are assessed as of December 31 and attach as an enforceable lien on property as of July 1 of the following year. Taxes are levied on whose boundaries include property within the District and are due on September 15.

11. TAX ABATEMENTS

The District received reduced property tax revenues during 2025 as a result of industrial facilities tax exemptions (IFT's) and brownfield redevelopment agreements entered into by cities, villages, townships, and authorities within the District boundaries.

The IFT's were entered into based upon the Plant Rehabilitation and Industrial Developments Districts Act (known as the Industrial Facilities Exemption), PA 198 of 1974, as amended. IFT's provide a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high-tech facilities. Properties qualifying for IFT status are taxed at 50% of the millage rate applicable to other real and personal property within the District boundaries. The abatements amounted to \$229,633 in reduced District tax revenues for 2025.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

12. PENSION AND OTHER POSTEMPLOYMENT BENEFIT PLANS

Plan Description

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

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

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

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

Pension Benefits Provided

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. Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25% to 1.50%. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

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

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

Participants in the defined contribution plan consist of one of the following: (1) members who worked for a Michigan public school on or after September 4, 2012 and elected to be enrolled in the defined contribution plan; (2) members who elected to transfer from the defined benefit plan to the defined contribution plan under the reform (P.A. 300) of 2012; or (3) members who worked for a Michigan public school on or after February 1, 2018 and did not elect participation in the Pension Plus 2 plan. Members who worked for a Michigan public school on or after September 4, 2012 and elected to be enrolled in the defined contribution plan receive a 100% match of the member contribution rate up to a maximum of 3% based on the member's gross earnings. Additionally, there is a mandatory employer contribution of 4% of the member's gross earnings for MPSERS members who elected to convert from a Basic or MIP benefit plan to the defined contribution benefit plan. Members electing the Pension Plus or Pension Plus 2 benefit plan receive a 50% match of the member's contribution percent up to a maximum of 1% based on the member's gross earnings. Effective October 1, 2017, there is a mandatory employer contribution of 4% of the member's gross earnings for members who elect the Defined Contribution benefit plan. The employer must match 100% of the employee contribution for any member who elected the Personal Healthcare Fund up to a maximum of 2% of the member's gross earnings. For all members with a Personal Health Care Fund (PHF), the first 2% of DC contributions must go into the PHF and must be matched 100% by the employer.

Other Postemployment Benefits Provided

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

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

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

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

Contributions

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2023 valuation will be amortized over a 15-year period beginning October 1, 2023 and ending September 30, 2038.

The table below summarizes pension contribution rates in effect for fiscal year 2025:

Benefit Structure	Member Rates	Employer Rates
Basic	0.00% - 4.00%	23.03% - 30.11%
Member Investment Plan (MIP)	3.00% - 7.00%	23.03% - 30.11%
Pension Plus	3.00% - 6.40%	19.17% - 26.27%
Pension Plus 2	6.20%	20.10% - 27.16%
Defined Contribution	0.00%	13.90% - 20.96%

For the year ended June 30, 2025, required and actual contributions from the District to the pension plan were \$11,624,415, which included \$3,173,308, the amount received from the State and remitted to the System to fund the MPSERS unfunded actuarial accrued liability ("UAAL") stabilization rate. In addition, the District had additional contributions of \$721,305, which was a one-time, state payment toward the MPSERS unfunded liability.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

The table below summarizes OPEB contribution rates in effect for fiscal year 2025:

Benefit Structure	Member Rates	Employer Rates
Premium Subsidy	3.00%	1.25% - 8.31%
Personal Healthcare Fund (PHF)	0.00%	0.00% - 7.06%

For the year ended June 30, 2025, required and actual contributions from the District to the OPEB plan were \$732,461.

The table below summarizes defined contribution rates in effect for fiscal year 2025:

Benefit Structure	Member Rates	Employer Rates
Defined Contribution	0.00% - 3.00%	0.00% - 7.00%
Personal Healthcare Fund (PHF)	0.00% - 2.00%	0.00% - 2.00%

For the year ended June 30, 2025, required and actual contributions from the District for those members with a defined contribution benefit were \$853,017.

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

At June 30, 2025, the District reported a liability of \$69,257,417 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2023. The District’s proportion of the net pension liability was determined by dividing each employer’s statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2024, the District’s proportion was 0.28289%, which was an increase of 0.00381% from its proportion measured as of September 30, 2023.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

For the year ended June 30, 2025, the District recognized pension expense of \$6,742,593. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ 1,879,002	\$ 752,491	\$ 1,126,511
Changes in assumptions	7,220,496	5,074,378	2,146,118
Net difference between projected and actual earnings on pension plan investments	-	13,217,251	(13,217,251)
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,618,207	146,436	1,471,771
	<u>10,717,705</u>	<u>19,190,556</u>	<u>(8,472,851)</u>
District contributions subsequent to the measurement date	11,710,246	-	11,710,246
	<u>11,710,246</u>	<u>-</u>	<u>11,710,246</u>
Total	<u>\$ 22,427,951</u>	<u>\$ 19,190,556</u>	<u>\$ 3,237,395</u>

The amount reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. 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 June 30,	Amount
2026	\$ (1,442,476)
2027	877,121
2028	(4,583,806)
2029	<u>(3,323,690)</u>
Total	<u>\$ (8,472,851)</u>

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

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

At June 30, 2025, the District reported an asset of \$12,207,079 for its proportionate share of the MPSERS net OPEB asset. The net OPEB asset was measured as of September 30, 2024, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 2023. The District's proportion of the net OPEB asset was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2024, the District's proportion was 0.28360% which was an increase of 0.00156% from its proportion measured as of September 30, 2023.

For the year ended June 30, 2025, the District recognized OPEB benefit of \$4,237,319. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ -	\$ 12,935,776	\$ (12,935,776)
Changes in assumptions	2,666,202	306,458	2,359,744
Net difference between projected and actual earnings on OPEB plan investments	-	2,310,940	(2,310,940)
Changes in proportion and differences between employer contributions and proportionate share of contributions	494,937	62,949	431,988
	<u>3,161,139</u>	<u>15,616,123</u>	<u>(12,454,984)</u>
District contributions subsequent to the measurement date	435,309	-	435,309
Total	<u>\$ 3,596,448</u>	<u>\$ 15,616,123</u>	<u>\$ (12,019,675)</u>

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

The amount reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as an adjustment to the net OPEB asset in the year ended June 30, 2026. 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 June 30,	Amount
2026	\$ (3,976,209)
2027	(2,465,319)
2028	(2,424,831)
2029	(2,180,381)
2030	(1,181,557)
Thereafter	<u>(226,687)</u>
Total	<u>\$ (12,454,984)</u>

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The total pension and OPEB liabilities in the September 30, 2023 actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age, normal
Wage inflation rate	2.75%
Investment rate of return:	
MIP and Basic plans (non-hybrid)	6.00%
Pension Plus plan (hybrid)	6.00%
Pension Plus 2 plan (hybrid)	6.00%
OPEB plans	6.00%
Projected salary increases	2.75% - 11.55%, including wage inflation at 2.75%
Cost of living adjustments	3% annual non-compounded for MIP members
Healthcare cost trend rate	Pre-65: 7.25% Year 1 graded to 3.5% Year 15 Post-65: 6.50% Year 1 graded to 3.5% Year 15
Mortality	Retirees: PubT-2010 Male and Female Retiree Mortality Tables scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010. Active: PubT-2010 Male and Female Employee Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

Other OPEB assumptions:

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

Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2023 valuation. The total pension and OPEB liabilities as of September 30, 2024, are based on the results of an actuarial valuation date of September 30, 2023, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.4612 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 6.2834 years which is the average of the expected remaining service lives of all employees. The recognition period for assets is 5 years.

Changes in assumptions. The method for amortizing UAAL transitioned from the level percent of payroll to the level dollar method. In addition, healthcare cost trend rates for pre-65 decreased from 7.50% to 7.25% and post-65 increased from 6.25% to 6.50%.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

Long-term Expected Return on Pension and OPEB Plan Assets

The long-term expected rate of return on pension and OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension/OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension and OPEB plans' target asset allocation as of September 30, 2024, are summarized in the following table:

Pension

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	25.00%	5.02%	1.26%
Private equity pools	16.00%	8.53%	1.36%
International equity pools	15.00%	6.16%	0.92%
Fixed income pools	13.00%	2.08%	0.27%
Real estate and infrastructure pools	10.00%	6.73%	0.67%
Absolute return pools	9.00%	4.93%	0.44%
Real return/opportunistic pools	10.00%	6.54%	0.65%
Short-term investment pools	2.00%	1.33%	0.03%
	100.00%		5.60%
Inflation			2.30%
Risk adjustment			-1.90%
Investment rate of return			6.00%

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

OPEB

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	25.00%	5.02%	1.26%
Private equity pools	16.00%	8.53%	1.36%
International equity pools	15.00%	6.16%	0.92%
Fixed income pools	13.00%	1.88%	0.24%
Real estate and infrastructure pools	10.00%	6.73%	0.67%
Absolute return pools	9.00%	4.93%	0.44%
Real return/opportunistic pools	10.00%	6.54%	0.65%
Short-term investment pools	2.00%	1.33%	0.03%
	<u>100.00%</u>		5.57%
Inflation			2.30%
Risk adjustment			<u>-1.87%</u>
Investment rate of return			<u><u>6.00%</u></u>

Rate of Return

For the fiscal year ended September 30, 2024, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 15.47% and 15.45%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

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

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

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

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

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
District's proportionate share of the net pension liability	\$ 101,532,118	\$ 69,257,417	\$ 42,382,519

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

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

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
District's proportionate share of the net OPEB asset	\$ (9,433,731)	\$ (12,207,079)	\$ (14,604,931)

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

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ (14,604,957)	\$ (12,207,079)	\$ (9,635,368)

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

Pension and OPEB Plans Fiduciary Net Position

Detailed information about the pension and OPEB plan's fiduciary net position is available in the separately issued MPERS financial statements available on the State of Michigan Office of Retirement Services website at www.michigan.gov/orsschools.

Payable to the Pension Plan

At June 30, 2025, the District reported a payable of \$1,597,238 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2025.

Payable to the OPEB Plan

At June 30, 2025, the District reported a payable of \$272,470 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2025.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

13. CONTINGENCIES

Fermi Settlement. During fiscal year 2021, DTE Energy filed a tax appeal to lower its taxable value related to the Fermi 2 power plant. Under the Satisfaction Agreement entered into during fiscal year 2022, there is no reduction or refund from any local unit for the 2018 through 2021 tax years. Instead, the Satisfaction Agreement designated multi-year, gradual taxable value reductions for the plant between tax years 2022 and 2028. Based on the difference between estimates of baseline projected taxable value and the taxable values designated under the Satisfaction Agreement, the District will see a decrease of approximately \$560,000 in property tax revenues against the expected baseline during that period. These reductions as negotiated represent a reduction in future tax values and not an established contingent loss from any current or prior period; and, as such, no contingent liability has been recognized as the result of this Satisfaction Agreement by the District.

14. RESTATEMENT OF BEGINNING BALANCES

During the current year, the District implemented GASB Statement No. 101, *Compensated Absences*. The effects of the change in accounting principle are summarized below:

	Governmental Activities
Net position, beginning of year, as previously reported	\$ (27,204,001)
Restatement - GASB 101 implementation	<u>(2,651,178)</u>
Net position, beginning of year, as restated	<u><u>\$ (29,855,179)</u></u>

15. NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of June 30, 2025, was as follows:

Capital assets, net	\$ 10,205,114
Bonds payable	(5,030,000)
Unamortized bond premium	(237,570)
Unspent bond proceeds	<u>1,941,116</u>
Net investment in capital assets	<u><u>\$ 6,878,660</u></u>



REQUIRED SUPPLEMENTARY INFORMATION

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Required Supplementary Information

MPSERS Cost-Sharing Multiple Employer Plan

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

	Year Ended June 30,			
	2025	2024	2023	2022
District's proportionate share of the net pension liability	\$ 69,257,417	\$ 90,327,852	\$ 104,199,556	\$ 65,079,800
District's proportion of the net pension liability	0.28289%	0.27908%	0.27706%	0.27488%
District's covered payroll	\$ 30,489,868	\$ 28,528,217	\$ 26,986,300	\$ 25,251,511
District's proportionate share of the net pension liability as a percentage of its covered payroll	227.15%	316.63%	386.12%	257.73%
Plan fiduciary net position as a percentage of the total pension liability	74.44%	65.91%	60.77%	72.60%

See notes to required supplementary information.



Year Ended June 30,					
2021	2020	2019	2018	2017	2016
\$ 92,354,861	\$ 87,552,221	\$ 78,855,692	\$ 65,962,754	\$ 60,749,883	\$ 59,663,450
0.26886%	0.26438%	0.26231%	0.25454%	0.24349%	0.24427%
\$ 24,616,734	\$ 23,223,554	\$ 22,882,333	\$ 21,839,968	\$ 20,663,408	\$ 20,586,664
375.17%	377.00%	344.61%	302.03%	294.00%	289.82%
59.72%	60.31%	62.36%	64.21%	63.27%	63.17%

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Required Supplementary Information

MPSERS Cost-Sharing Multiple Employer Plan
 Schedule of the District's Pension Contributions

	Year Ended June 30,			
	2025	2024	2023	2022
Statutorily required contribution	\$ 11,624,415	\$ 11,753,281	\$ 10,022,502	\$ 9,389,712
Contributions in relation to the statutorily required contribution	<u>(11,624,415)</u>	<u>(11,753,281)</u>	<u>(10,022,502)</u>	<u>(9,389,712)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 32,747,525	\$ 30,263,856	\$ 28,423,142	\$ 26,803,858
Contributions as a percentage of covered payroll	35.50%	38.84%	35.26%	35.03%

See notes to required supplementary information.



Year Ended June 30,						
2021	2020	2019	2018	2017	2016	2015
\$ 8,225,928	\$ 7,371,239	\$ 7,012,396	\$ 7,149,995	\$ 5,942,369	\$ 5,678,208	\$ 4,588,921
<u>(8,225,928)</u>	<u>(7,371,239)</u>	<u>(3,294,801)</u>	<u>(7,149,995)</u>	<u>(5,942,369)</u>	<u>(5,678,208)</u>	<u>(4,588,921)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 25,138,864	\$ 24,542,244	\$ 23,197,933	\$ 22,745,058	\$ 21,863,050	\$ 21,226,163	\$ 20,592,704
32.72%	30.03%	30.23%	31.44%	27.18%	26.75%	22.28%

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Required Supplementary Information

MPSERS Cost-Sharing Multiple Employer Plan

Schedule of the District's Proportionate Share of the Net Other Postemployment Benefit (Asset) Liability

	Year Ended June 30,			
	2025	2024	2023	2022
District's proportionate share of the net OPEB (asset) liability	\$ (12,207,079)	\$ (1,595,474)	\$ 5,818,624	\$ 4,218,607
District's proportion of the net OPEB asset/liability	0.28360%	0.28204%	0.27471%	0.27638%
District's covered payroll	\$ 30,489,868	\$ 28,528,217	\$ 26,986,300	\$ 25,251,511
District's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	-40.04%	-5.59%	21.56%	16.71%
Plan fiduciary net position as a percentage of the total OPEB liability	143.08%	105.04%	83.09%	87.33%

See notes to required supplementary information.



Year Ended June 30,			
2021	2020	2019	2018
\$ 14,783,043	\$ 19,004,211	\$ 21,310,806	\$ 22,530,437
0.27594%	0.26477%	0.26810%	0.25442%
\$ 24,616,734	\$ 23,223,554	\$ 22,882,333	\$ 21,839,968
60.05%	81.83%	93.13%	103.36%
59.44%	48.46%	42.95%	36.39%

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Required Supplementary Information

MPSERS Cost-Sharing Multiple Employer Plan

Schedule of the District's Other Postemployment Benefit Contributions

	Year Ended June 30,			
	2025	2024	2023	2022
Statutorily required contribution	\$ 732,461	\$ 2,301,608	\$ 2,181,165	\$ 2,088,362
Contributions in relation to the statutorily required contribution	<u>(732,461)</u>	<u>(2,301,608)</u>	<u>(2,181,165)</u>	<u>(2,088,362)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 32,747,525	\$ 30,263,856	\$ 28,423,142	\$ 26,803,858
Contributions as a percentage of covered payroll	2.24%	7.61%	7.67%	7.79%

See notes to required supplementary information.



Year Ended June 30,			
2021	2020	2019	2018
\$ 2,039,612	\$ 1,943,219	\$ 1,806,936	\$ 1,686,045
<u>(2,039,612)</u>	<u>(1,943,219)</u>	<u>(1,806,936)</u>	<u>(1,686,045)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 25,138,864	\$ 24,542,244	\$ 23,197,933	\$ 22,745,058
8.11%	7.92%	7.79%	7.41%

Monroe County ISD

Notes to Required Supplementary Information

Pension Information

The amounts presented in the schedule of the District's Proportionate Share of the Net Pension Liability were determined as of September 30 of the preceding year (the plan year).

The significant changes in assumptions for each of the fiscal years ended June 30 were as follows:

- 2025 - The method for amortizing UAAL transitioned from the level percent of payroll to the level dollar method.
- 2024 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2025 and 2026 employer contributions decreased from 2.00% to 1.50% and 1.50% to 0.75%, respectively. In addition, the PubT-2010 mortality tables were used in the September 2022 valuation compared to the RP-2014 mortality tables used in the September 2021 valuation.
- 2023 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2024 employer contributions decreased from 2.5% to 2.0%. Additionally, the discount rate used in the September 30, 2021 actuarial valuation decreased to 6.00% for the MIP and Basic plans, and 6.00% for the Pension Plus Plan.
- 2022 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%.
- 2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%.
- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.80% for the MIP and Basic plans, 6.80% for the Pension Plus Plan, and 6.00% for the Pension Plus 2 Plan.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.05% for the MIP and Basic plans, 7.00% for the Pension Plus plan, and 6.00% for the Pension Plus 2 plan.
- 2018 - The discount rate used in the September 30, 2016 actuarial valuation decreased to 7.50% for the MIP and Basic plans and 7.00% for the Pension Plus plan.

Monroe County ISD

Notes to Required Supplementary Information

OPEB Information

GASB 75 was implemented in fiscal year 2018. The OPEB plan schedules are being built prospectively. Ultimately, 10 years of data will be presented.

The amounts presented in the schedule of the District's Proportionate Share of the Net OPEB (Asset) Liability were determined as of September 30 of the preceding year (the plan year).

The significant changes in assumptions for each of the fiscal years ended June 30 were as follows:

- 2025 - The method for amortizing UAAL transitioned from the level percent of payroll to the level dollar method. In addition, healthcare cost trend rates for pre-65 decreased from 7.50% to 7.25% and post-65 increased from 6.25% to 6.50%.
- 2024 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2025 and 2026 employer contributions decreased from 2.00% to 1.50% and 1.50% to 0.75%, respectively. In addition, the PubT-2010 mortality tables were used in the September 2022 valuation compared to the RP-2014 mortality tables used in the September 2021 valuation. Finally, healthcare cost trend rates for pre-65 decreased from 7.75% to 7.50% and post-65 increased from 5.25% to 6.25%.
- 2023 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2024 employer contributions decreased from 2.5% to 2.0%. Additionally, the discount rate used in the September 30, 2021 actuarial valuation decreased to 6.00%.
- 2022 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%. The healthcare cost trend rate used in the September 30, 2020 actuarial valuation increased to 7.75%.
- 2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%. The healthcare cost trend rate used in the September 30, 2019 actuarial valuation decreased to 7.0%.
- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.95%.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.15%.

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COMBINING FUND FINANCIAL STATEMENTS

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Combining Balance Sheet

Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Funds			Capital Projects Funds		Totals
	Food Service Fund	Technology Enhancement Fund	Student/School Activity Fund	Capital Projects Fund	2025 Capital Projects Fund	
Assets						
Cash and investments	\$ 624	\$ 3,669	\$ 56,363	\$ 1,047,461	\$ 3,332,989	\$ 4,441,106
Accounts receivable	24,203	-	-	-	-	24,203
Taxes receivable, net	-	60,606	-	-	-	60,606
Inventory	2,730	-	-	-	-	2,730
Total assets	<u>\$ 27,557</u>	<u>\$ 64,275</u>	<u>\$ 56,363</u>	<u>\$ 1,047,461</u>	<u>\$ 3,332,989</u>	<u>\$ 4,528,645</u>
Liabilities						
Accounts payable	10,049	-	357	-	1,391,873	1,402,279
Unearned revenue	1,109	-	-	-	-	1,109
Total liabilities	<u>11,158</u>	<u>-</u>	<u>357</u>	<u>-</u>	<u>1,391,873</u>	<u>1,403,388</u>
Deferred inflows of resources						
Unavailable revenue - taxes receivable	-	56,521	-	-	-	56,521
Fund balances						
Nonspendable	2,730	-	-	-	-	2,730
Restricted	13,669	7,754	-	-	-	21,423
Committed	-	-	56,006	1,047,461	1,941,116	3,044,583
Total fund balances	<u>16,399</u>	<u>7,754</u>	<u>56,006</u>	<u>1,047,461</u>	<u>1,941,116</u>	<u>3,068,736</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 27,557</u>	<u>\$ 64,275</u>	<u>\$ 56,363</u>	<u>\$ 1,047,461</u>	<u>\$ 3,332,989</u>	<u>\$ 4,528,645</u>

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds			Capital Projects Funds		Totals
	Food Service Fund	Technology Enhancement Fund	Student/School Activity Fund	Capital Projects Fund	2025 Capital Projects Fund	
Revenues						
Local sources	\$ 16,667	\$ 7,211,949	\$ 39,979	\$ 8,817	\$ 109,911	\$ 7,387,323
State sources	69,991	192,970	-	-	-	262,961
Federal sources	75,659	-	-	-	-	75,659
Total revenues	162,317	7,404,919	39,979	8,817	109,911	7,725,943
Expenditures						
Current:						
Supporting services	-	1,973	38,310	81	-	40,364
Food services	214,560	-	-	-	-	214,560
Capital outlay	4,512	-	-	183,789	3,364,006	3,552,307
Interdistrict payments	-	7,199,820	-	-	-	7,199,820
Issuance costs	-	-	-	-	79,496	79,496
Total expenditures	219,072	7,201,793	38,310	183,870	3,443,502	11,086,547
Revenues over (under) expenditures	(56,755)	203,126	1,669	(175,053)	(3,333,591)	(3,360,604)
Other financing sources (uses)						
Issuance of bonds and other long-term liabilities	-	-	-	-	5,274,707	5,274,707
Transfers in	60,000	-	-	650,000	-	710,000
Transfers out	-	(195,903)	-	-	-	(195,903)
Other financing sources (uses)	60,000	(195,903)	-	650,000	5,274,707	5,788,804
Net change in fund balances	3,245	7,223	1,669	474,947	1,941,116	2,428,200
Fund balances, beginning of year	13,154	531	54,337	572,514	-	640,536
Fund balances, end of year	\$ 16,399	\$ 7,754	\$ 56,006	\$ 1,047,461	\$ 1,941,116	\$ 3,068,736

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