Monroe County Intermediate School District

Year Ended
June 30, 2026

Financial Statements and Supplementary Information

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MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

October 22, 2026

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, 2026, 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, 2026, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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.

Implementation of GASB Statement No. 103

The District implemented the provisions of GASB Statement No. 103, *Financial Reporting Model Improvements,* in the current year. Our opinion is not modified with respect to this matter.

HLB We are an independent member of THE GLOBAL ADVISORY AND ACCOUNTING NETWORK

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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, the budgetary comparisons for the General Fund and major special revenue fund, 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 22, 2026, 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.

Rehmann Lohan LLC

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MANAGEMENT'S DISCUSSION AND ANALYSIS

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Management's Discussion and Analysis

The purpose of management's discussion and analysis (MD&A) is to help District residents and other readers understand what the financial statements and notes in this financial report say about the District's financial health and why it changed since last year. It contains information drawn from those other parts of the report, accompanied by explanations informed by the finance staff's knowledge of the District's finances.

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 comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements, including management's discussion and analysis, schedules of budgetary comparisons for the general fund and major special revenue fund, and schedules for the pension and other postemployment benefit plans, and combining fund statements.

Government-wide Financial Statements

The government-wide financial statements are full accrual basis statements that provide information about the District's overall financial status. They are used to help determine whether or not the District is better off, or worse off, as the result of the year's activities. The *Statement of Net Position* reports all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both short-term and long-term, whether they are "currently available" or not. Capital assets and long-term obligations of the District are reported in this statement. All of the current year's revenues and expenses are accounted for in the *Statement of Activities,* regardless of when cash is received or paid.

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

- Over time, increases or decreases in net position are an indicator of whether the District's financial position is improving or deteriorating.

- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base, the quality of the education provided, and the condition of the District's buildings.

In government-wide statements, the District's activities are classified as *governmental activities.* This includes all of the District's basic instruction and supporting services, such as regular and special education, community services, student/school activities, food services, and technology. Governmental activities primarily are financed by taxes paid by District residents and businesses and grants from the State of Michigan and the federal government.

Management's Discussion and Analysis

Fund Financial Statements

The fund financial statements focus on individual parts of the District, while reporting the District's operations in more detail than the government-wide statements. The fund level statements are reported on a *modified accrual basis.* Only those assets that are *"measurable"* and *"currently available"* are reported. Liabilities are recognized to the extent that they are normally expected to be paid with current financial resources.

Fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual." In the State of Michigan, the District's major instructional and instructional support activities are reported in the *general fund.* Additional activities are reported in their relevant funds including: *special revenue funds* for special education, food service, student/school activity, and technology, *debt service fund, capital projects funds,* and a *fiduciary fund.*

In fund financial statements, capital asset purchases are reported as expenditures in the year of acquisition, not as capital assets. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. Future year's debt obligations are not recorded.

Notes to the Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the financial statements. The District uses notes to (1) present information in greater detail than is possible within the financial statements themselves, (2) explain the nature of amounts reported in the financial statements and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* . The District presents a budgetary comparison schedule for the general fund and the major special revenue fund. In addition, the District's reports its progress in funding its obligations to provide pension and other postemployment benefits (OPEB) to its employees. Required supplementary information can be found immediately after 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 on budgetary comparisons, and pensions and OPEB.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Management's Discussion and Analysis

Financial Summary and Detailed Analysis

The net position of the District at June 30 was as follows:

	Net Position		Percentage
	2026	2025	Change
Assets			
Current and other assets	$ 88,880,371	$ 81,976,993	8%
Capital assets, net	12,405,534	10,205,114	22%
Total assets	101,285,905	92,182,107	10%
Deferred outflows of resources	22,041,535	26,024,399	-15%
Liabilities			
Current and other liabilities	14,877,524	15,155,940	-2%
Long-term liabilities	68,527,434	79,283,959	-14%
Total liabilities	83,404,958	94,439,899	-12%
Deferred inflows of resources	30,888,673	34,806,679	-11%
Net position			
Net investment in capital assets	7,477,296	6,878,660	9%
Restricted	57,057,684	50,673,786	13%
Unrestricted (deficit)	(55,501,171)	(68,592,518)	-19%
Total net position	$ 9,033,809	$ (11,040,072)	-182%

The largest portion of the District's net position reflects investment in capital assets (e.g., land, construction in progress, buildings and improvements, buses and other vehicles, and furniture and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining net position, with the exception of the amount specifically restricted for special education, food service operations, technology services, the Monroe County middle college, and other postemployment benefits, represents the unrestricted portion of the District's net position. Because of the requirement to present the District's proportionate share of the Michigan Public School Employees' Retirement System (MPSERS) net pension liability, this unrestricted net position is a deficit.

Current and other assets increased by $6,903,378 from the prior year. This increase was primarily attributable to a $2,176,443 increase in cash and investments, due primarily to positive fund operating results, and a $3,465,413 increase in the post-employment retirement benefits asset, reflecting strong investment market returns.

Long-term liabilities decreased by $10,756,525 compared to the prior year, primarily due to a significant reduction in the net pension liability associated with the State of Michigan retirement system, reflecting District contributions and strong asset performance of the plan's investments in the market. The District also made regularly scheduled debt service payments towards obligations due in more than one year.

Management's Discussion and Analysis

	Change in Net Position		Percentage
	2026	2025	Change
Revenues			
Program revenues:			
Charges for services	$ 17,328	$ 23,390	-26%
Operating grants and contributions	57,536,176	56,398,799	2%
General revenues:			
Property taxes	36,557,759	34,713,534	5%
Unrestricted state aid	1,971,960	1,883,314	5%
Unrestricted investments earnings	797,368	812,188	-2%
Total revenues	96,880,591	93,831,225	3%
Expenses			
Instruction	18,936,777	19,459,443	-3%
Supporting services	35,611,877	34,238,802	4%
Community services	1,019,919	1,152,525	-12%
Food services	273,633	224,054	22%
Interdistrict payments	20,758,834	19,820,586	5%
Interest on long-term debt	205,670	120,708	70%
Total expenses	76,806,710	75,016,118	2%
Change in net position	20,073,881	18,815,107	7%
Net position, beginning of year	(11,040,072)	(29,855,179)	-63%
Net position, end of year	$ 9,033,809	$ (11,040,072)	-182%

Property taxes increased as compared to the prior year by $1,844,225, or 5.3%, primarily due to an increase in property values.

Supporting services expenses increased by $1,373,425, or 4.0%, primarily due to the increase of wages and corresponding benefits. The majority of the increase in wages and benefits is attributable to negotiated compensation increases outlined in the collective bargaining agreements.

Interdistrict payments increased by $938,248, or 4.7%. The majority of the increase is attributable to additional tax revenue collected through the technology enhancement millage, which is distributed back to local educational agencies (LEAs) based on student enrollment. The increase also reflects additional special education revenue collected and redistributed to local LEAs based on their respective special education costs.

Detailed Analysis of Governmental Funds

General Fund

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was $14,406,308 while the total fund balance was $14,683,729. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance and total fund balance represent approximately 52.5% and 53.5%, respectively, of total general fund expenditures.

Management's Discussion and Analysis

The fund balance of the District's general fund increased by $1,464,750, or 11.1%, from the prior year. The largest revenue source in this fund is state revenue which includes state aid. The District's increase in fund balance was largely attributable to indirect transfers, lower-than-budgeted contingency expenditures, and conservative expenditure budgeting.

Special Education Fund

The Special Education Fund fund balance increased by $2,698,277 to $40,918,187. The largest sources of revenue are local source and state sources, which are primarily made up of property taxes and state aid, respectively. The primary factors contributing to the increase in fund balance were conservative budgeting practices and the inability to fill vacant positions throughout the fiscal year. The fund balance is restricted for special education.

Significant Capital Asset and Long-term Financing Activity

Capital Assets. The District's investment in capital assets for its governmental activities as of June 30, 2026 amounted to $12,405,534 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, buses and vehicles, and furniture and equipment. The total increase in capital assets for the current fiscal year was 21.6 percent.

	Capital Assets (Net of Depreciation)	
	2026	2025
Land	$ 150,882	$ 150,882
Construction in progress	-	1,872,027
Buildings and improvements	7,807,205	4,995,959
Buses and other vehicles	519,517	459,697
Furniture and equipment	3,927,930	2,726,549
Total capital assets, net	$ 12,405,534	$ 10,205,114

Major capital assets events during the current fiscal year included the following:

- Completion and capitalization of the Energy Savings Program Contract (ESPC) Project for $1,872,027
- Purchase of property for $501,001
- Playground improvements of $232,047
- Purchase of District devices for $191,052
- Purchase of vehicles of $157,928
- Updating interior/exterior door security for $123,800

Additional information on the District's capital assets can be found in Note 4 of this report.

Management's Discussion and Analysis

Long-term Financing. At the end of the current fiscal year, the District had total long-term financing liabilities of $5,180,335, composed of general obligation bonds and unamortized premiums. During the current year, long-term financing liabilities decreased slightly by $87,235 due to scheduled principal payments.

	Long-Term Financing	
	2026	2025
General obligation bonds	$ 4,955,000	$ 5,030,000
Unamortized premiums	225,335	237,570
Total long-term financing	$ 5,180,335	$ 5,267,570

The $4,955,000 general obligation bonds are bonded debt, backed by the full faith and credit of the District.

In fiscal year 2024-2025, the District issued $5.03 million of Energy Conservation Improvement Bonds to finance energy conservation improvements to District facilities. The bonds were issued pursuant to Section 1274a of the Revised School Code, which authorizes intermediate school districts to finance energy conservation and operational improvements through the issuance of bonds or notes. The bonds are payable through 2044.

Under State statute, the District is subject to limitations on bonded indebtedness depending on the statutory authority and purpose for which the debt is issued. Pursuant to Sections 687 and 1731 of the Revised School Code (MCL 380.687 and MCL 380.1731), certain bonds issued for area vocational-technical facilities and special education facilities, respectively, are limited to 1.5% of the total assessed valuation of the intermediate school district, subject to applicable statutory exclusions. The current debt limitation for the District is approximately $116.1 million, which is significantly more than the District's outstanding general obligation debt.

Additional information on the District's long-term financing can be found in Note 7 of this report.

Currently Known Facts, Decisions or Conditions

The District is aware of the following items that will impact future finances and were considered in developing the 2026-2027 fiscal year budget.

- Foundation Allowance
- Taxable Values
- Categorical State Grants

A conservative approach was taken when developing the budget assumptions for the factors with the greatest impact on the district. These assumptions included no increase in the state foundation allowance, a modest increase in taxable values, and flat funding for state categorical grants. Given the limited information available to the district prior to the preparation of the original budget, these conservative assumptions are intended to minimize financial risk and may result in a more favorable financial outcome for the upcoming fiscal year.

At the end of the current fiscal year, the unassigned fund balance in the general fund was $14,406,308. The District adopted a balanced budget for the 2026-2027 fiscal year budget and currently does not anticipate the use of unassigned fund balance.

Management's Discussion and Analysis

Requests for Information

This financial report is designed to provide the District's citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances, and to show how the District is accountable for the money it receives. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the Business Office, Monroe County Intermediate School District, 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, 2026

	Governmental Activities
Assets	
Cash and investments	$ 61,583,138
Receivables, net	11,482,401
Prepaid items and other assets	142,340
Net other postemployment benefit asset	15,672,492
Capital assets not being depreciated	150,882
Capital assets being depreciated, net	12,254,652
Total assets	101,285,905
Deferred outflows of resources	
Deferred pension amounts	19,047,454
Deferred other postemployment benefit amounts	2,994,081
Total deferred outflows of resources	22,041,535
Liabilities	
Accounts payable and accrued liabilities	8,579,365
Unearned revenue	6,298,159
Long-term debt:	
Due within one year	3,517,682
Due in more than one year	6,580,332
Net pension liability, due in more than one year	58,429,420
Total liabilities	83,404,958
Deferred inflows of resources	
Deferred pension amounts	17,665,697
Deferred other postemployment benefit amounts	13,222,976
Total deferred inflows of resources	30,888,673
Net position	
Net investment in capital assets	7,477,296
Restricted for:	
Other postemployment benefits	15,672,492
Special education	41,093,937
Food service	70,664
Technology	65,579
Monroe county middle college	155,012
Unrestricted (deficit)	(55,501,171)
Total net position	$ 9,033,809

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, 2026

Functions / Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue
Governmental activities				
Instruction	$ 18,936,777	$ 7,020	$ 47,885,520	$ 28,955,763
Supporting services	35,611,877	-	4,643,415	(30,968,462)
Community services	1,019,919	-	659,727	(360,192)
Food services	273,633	10,308	211,564	(51,761)
Interdistrict payments	20,758,834	-	4,135,950	(16,622,884)
Interest on long-term debt	205,670	-	-	(205,670)
Total	$ 76,806,710	$ 17,328	$ 57,536,176	(19,253,206)
General revenues				
Property taxes				36,557,759
Unrestricted state aid				1,971,960
Unrestricted investment earnings				797,368
Total general revenues				39,327,087
Change in net position				20,073,881
Net position, beginning of year				(11,040,072)
Net position, end of year				$ 9,033,809

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, 2026

	General Fund	Special Education Fund	Nonmajor Governmental Funds	Totals
Assets				
Cash and investments	$ 16,886,147	$ 42,194,736	$ 2,502,255	$ 61,583,138
Accounts receivable	5,901,062	5,244,003	71,661	11,216,726
Taxes receivable, net	13,081	184,504	68,090	265,675
Inventory	-	4,270	3,124	7,394
Prepaid items	122,409	12,537	-	134,946
Total assets	$ 22,922,699	$ 47,640,050	$ 2,645,130	$ 73,207,879
Liabilities				
Accounts payable	$ 1,739,370	$ 1,227,197	$ 67,309	$ 3,033,876
Accrued payroll and other liabilities	1,296,150	4,213,214	-	5,509,364
Unearned revenue	5,191,098	1,105,702	1,359	6,298,159
Total liabilities	8,226,618	6,546,113	68,668	14,841,399
Deferred inflows of resources				
Unavailable revenue - taxes receivable	12,352	175,750	49,840	237,942
Fund balances				
Nonspendable:				
Inventory	-	4,270	3,124	7,394
Prepaid items	122,409	12,537	-	134,946
Restricted for:				
Special education	-	40,901,380	-	40,901,380
Food service	-	-	67,540	67,540
Technology	-	-	15,739	15,739
Monroe county middle college	155,012	-	-	155,012
Capital projects	-	-	252,097	252,097
Committed for:				
Student/school activities	-	-	59,782	59,782
Capital projects	-	-	2,128,340	2,128,340
Unassigned	14,406,308	-	-	14,406,308
Total fund balances	14,683,729	40,918,187	2,526,622	58,128,538
Total liabilities, deferred inflows of resources, and fund balances	$ 22,922,699	$ 47,640,050	$ 2,645,130	$ 73,207,879

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, 2026

Fund balances - total governmental funds	$ 58,128,538
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	237,942
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.	
Capital assets not being depreciated	150,882
Capital assets being depreciated, net	12,254,652
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 payable	(4,955,000)
Unamortized bond premium	(225,335)
Compensated absences	(4,917,679)
Accrued interest on bonds payable	(36,125)
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	(58,429,420)
Deferred outflows of resources related to the net pension liability	19,047,454
Deferred inflows of resources related to the net pension liability	(17,665,697)
Net other postemployment benefit asset	15,672,492
Deferred outflows of resources related to the net other postemployment benefit asset	2,994,081
Deferred inflows of resources related to the net other postemployment benefit asset	(13,222,976)
Net position of governmental activities	$ 9,033,809

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, 2026

	General Fund	Special Education Fund	Nonmajor Governmental Funds	Totals
Revenues				
Local sources	$ 3,344,158	$ 30,150,864	$ 7,695,851	$ 41,190,873
State sources	14,405,276	24,043,876	334,586	38,783,738
Federal sources	5,414,005	7,274,694	77,583	12,766,282
Interdistrict sources	4,104,646	31,304	-	4,135,950
Total revenues	27,268,085	61,500,738	8,108,020	96,876,843
Expenditures				
Current:				
Instruction	6,691,548	17,064,001	-	23,755,549
Supporting services	14,014,079	29,219,760	50,531	43,284,370
Community services	1,032,303	233,433	-	1,265,736
Food services	-	-	264,139	264,139
Capital outlay	1,143,493	6,473	2,392,711	3,542,677
Interdistrict payments	4,543,989	8,646,254	7,568,591	20,758,834
Debt Service:				
Principal	-	-	75,000	75,000
Interest and fiscal charges	-	-	309,625	309,625
Total expenditures	27,425,412	55,169,921	10,660,597	93,255,930
Revenues over (under) expenditures	(157,327)	6,330,817	(2,552,577)	3,620,913
Other financing sources (uses)				
Transfers in	2,530,376	480,677	2,219,125	5,230,178
Transfers out	(908,299)	(4,113,217)	(208,662)	(5,230,178)
Total other financing sources (uses)	1,622,077	(3,632,540)	2,010,463	-
Net change in fund balances	1,464,750	2,698,277	(542,114)	3,620,913
Fund balances, beginning of year	13,218,979	38,219,910	3,068,736	54,507,625
Fund balances, end of year	$ 14,683,729	$ 40,918,187	$ 2,526,622	$ 58,128,538

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, 2026

Net change in fund balances - total governmental funds	$ 3,620,913
Amounts reported for *governmental activities* in the statement of activities are different because:	
Long-term receivables are reported as revenue when earned on the statement of activities while the governmental funds report these balances as revenue when the availability criterion for revenue recognition is met.	
Net change in deferred inflows of resources for taxes receivable	3,748
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	2,932,193
Depreciation expense	(731,773)
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.	
Principal payments on bond payable	75,000
Amortization of bond premium	12,235
Change in accrued interest payable on bond payable	91,720
Change in the accrual for compensated absences	(158,707)
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	8,972,359
Change in the net other postemployment benefit asset and related deferred amounts	5,256,193
Change in net position of governmental activities	$ 20,073,881

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, 2026

	Custodial Fund
Assets	
Cash and investments	$ 47,525
Net position	
Restricted for other groups	$ 47,525

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, 2026

	Custodial Fund
Additions	
Private donations and contributions	$ 14,426
Deductions	
Payments to other groups	10,951
Change in net position	3,475
Net position, beginning of year	44,050
Net position, end of year	$ 47,525

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

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NOTES TO FINANCIAL STATEMENTS

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 District 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.

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 District.

The District reports the following major governmental funds:

The g*eneral 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 s*pecial 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 *debt service fund* is used to account for all financial resources restricted, committed, or assigned to expenditure for principal and interest.

The c*apital 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.

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. Reported prepaids 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.

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.

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.

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.

Revenues

For the District, all properties are assessed as of December 31 and the related property taxes are levied and become a lien on July 1 for 100 percent of the taxes which are due September 15 and February 15.

The State of Michigan utilizes a foundation allowance approach, which provides for a specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is funded from a combination of state and local sources. Revenues from state sources are primarily governed by the District Aid Act and the School Code of Michigan. The State portion of the foundation is provided from the State's School Aid Fund and is recognized as revenue in accordance with state law and accounting principles generally accepted in the United States of America.

The District also receives revenue from the state to administer certain categorical education programs.

State rules require that revenue earmarked for these programs be used for its specific purpose. Certain categorical funds require an accounting to the State of the expenditures incurred. For categorical funds meeting this requirement, funds received, which are not expended by the close of the fiscal year, are recorded as unearned revenue. Other categorical funding is recognized when the appropriation is received.

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.

Notes to Financial Statements

Change in Accounting Principle

During the current year, the District implemented GASB Statement No. 103, *Financial Reporting Model Improvements.* GASB 103 introduces targeted enhancements to the financial reporting model to improve clarity, relevance, and decision-usefulness of governmental financial statements. As part of the implementation, MD&A content is now streamlined to focus on prescribed sections with clearer analytical explanations and reduced duplication. Additionally, budgetary comparison information is no longer included within MD&A and is presented separately as Required Supplementary Information. The District has updated reporting processes and presentation formats to comply with these requirements. Adoption of GASB 103 did not result in a restatement of prior period balances.

2. 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	$ 61,583,138
Statement of fiduciary net position	
Cash and investments	47,525
	$ 61,630,663
Bank deposits (checking and savings accounts)	$ 29,381,434
Certificate of deposits	5,395,483
Investments	26,853,746
	$ 61,630,663

Notes to Financial Statements

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.

The District chooses to disclose its investments by specifically identifying each. At June 30, 2026, the District had the following investments:

Investment	Maturity	Amount
Fifth Third Securities:		
Michigan CLASS	n/a	$ 4,107,899
U.S. agencies	1-5 years	4,909,071
U.S. treasuries:		
	< 1 year	5,977,620
	1-5 years	11,859,156
		$ 26,853,746

Notes to Financial Statements

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, 2026, the District's investments were rated by Standard & Poor's as follows:

	Rating
AA+	$ 22,745,847
AAAm	4,107,899
	$ 26,853,746

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, $35,275,044 of the District's bank balance of $35,775,044 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.

Notes to Financial Statements

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, 2026 for its investments in U.S. agencies, and U.S. treasuries are valued using significant other observable inputs of the underlying securities and bonds (Level 2 inputs).

3. RECEIVABLES

Receivables as of year end are as follows:

	General Fund	Special Education Fund	Nonmajor Governmental Funds	Totals
Accounts receivable	$ 5,901,062	$ 5,244,003	$ 71,661	$ 11,216,726
Property taxes	41,829	570,111	178,803	790,743
Less: allowance for uncollectible accounts	(28,748)	(385,607)	(110,713)	(525,068)
	$ 5,914,143	$ 5,428,507	$ 139,751	$ 11,482,401

The District estimates that $237,942 will not be collected within 60 days of year-end and has therefore recognized this amount as a deferred inflow of resources.

Notes to Financial Statements

4. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2026 was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	$ 150,882	$ -	$ -	$ -	$ 150,882
Construction in progress	1,872,027	-	-	(1,872,027)	-
	2,022,909	-	-	(1,872,027)	150,882
Capital assets being depreciated:					
Buildings and improvements	10,753,021	1,268,873	-	1,808,618	13,830,512
Buses and other vehicles	1,738,097	157,928	(54,383)	-	1,841,642
Furniture and equipment	3,726,910	1,505,392	-	63,409	5,295,711
	16,218,028	2,932,193	(54,383)	1,872,027	20,967,865
Less accumulated depreciation for:					
Buildings and improvements	(5,757,062)	(266,245)	-	-	(6,023,307)
Buses and other vehicles	(1,278,400)	(98,108)	54,383	-	(1,322,125)
Furniture and equipment	(1,000,361)	(367,420)	-	-	(1,367,781)
	(8,035,823)	(731,773)	54,383	-	(8,713,213)
Total capital assets being depreciated, net	8,182,205	2,200,420	-	1,872,027	12,254,652
Capital assets, net	$ 10,205,114	$ 2,200,420	$ -	$ -	$ 12,405,534

Depreciation expense of $722,280 and $9,493 was reported on the statement of activities as “supporting services” and “food services”, respectively.

Notes to Financial Statements

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities as of year end are as follows:

	General Fund	Special Education Fund	Nonmajor Governmental Funds	Totals
Accounts payable	$ 1,739,370	$ 1,227,197	$ 67,309	$ 3,033,876
Accrued payroll and other liabilities	1,296,150	4,213,214	-	5,509,364
	$ 3,035,520	$ 5,440,411	$ 67,309	8,543,240
Government-wide Financial Statements - Accrued interest on bonds payable				36,125
				$ 8,579,365

6. INTERFUND TRANSFERS

For the year ended June 30, 2026, interfund transfers consisted of the following:

	Transfers in	Transfers out
General fund	$ 2,530,376	$ 908,299
Special education fund	480,677	4,113,217
Nonmajor governmental funds	2,219,125	208,662
	$ 5,230,178	$ 5,230,178

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, 2026, the District transferred funds to provide resources for the special education fund, the food service fund, the debt service fund, the capital projects fund, the technology enhancement fund, and the general fund primarily for operating purposes, debt service, and to charge grant related indirect costs.

Notes to Financial Statements

7. BONDS AND OTHER LONG-TERM LIABILITIES

Bonds and other long-term liabilities activity for the year ended June 30, 2026 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Amount Due Within One Year
General obligation bonds	$ 5,030,000	$ -	$ (75,000)	$ 4,955,000	$ 170,000
Unamortized bond premium	237,570	-	(12,235)	225,335	12,235
Compensated absences*	4,758,972	158,707	-	4,917,679	3,335,447
Total bonds and other long-term liabilities	$ 10,026,542	$ 158,707	$ (87,235)	$ 10,098,014	$ 3,517,682

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

General obligation bonds

2024 Energy Conservation and Improvement Bonds, due in semi-annual installments of $75,000 to $365,000 with final payment due November 1, 2044, interest at 4.00% to 5.00%.	$ 4,955,000

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

Year Ended June 30,	Principal	Interest	Total
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	205,000	175,375	380,375
2032-2036	1,185,000	710,175	1,895,175
2037-2041	1,460,000	426,600	1,886,600
2042-2045	1,380,000	112,800	1,492,800
Totals	$ 4,955,000	$ 2,221,575	$ 7,176,575

Notes to Financial Statements

8. 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.

9. 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. Property taxes are levied on taxable property located within the District's boundaries and are due on September 15.

10. TAX ABATEMENTS

The District received reduced property tax revenues during 2026 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 $218,424 in reduced District tax revenues for 2026.

Notes to Financial Statements

11. 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.

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.

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, 2024 valuation will be amortized over a 14-year period beginning October 1, 2024 and ending September 30, 2038.

The table below summarizes pension contribution rates in effect for fiscal year 2026:

Benefit Structure	Member Rates	Employer Rates
Basic	0.00% - 4.00%	26.08% - 30.11%
Member Investment Plan (MIP)	3.00% - 7.00%	26.08% - 30.11%
Pension Plus	3.00% - 6.40%	21.34% - 26.27%
Pension Plus 2	6.00% - 6.20%	21.41% - 27.16%
Defined Contribution	0.00%	15.21% - 20.96%

For the year ended June 30, 2026, required and actual contributions from the District to the pension plan were $13,066,819, which included $4,858,949 the amount received from the State and remitted to the System to fund the MPSERS unfunded actuarial accrued liability ("UAAL") stabilization rate.

Notes to Financial Statements

The table below summarizes OPEB contribution rates in effect for fiscal year 2026:

Benefit Structure	Member Rates	Employer Rates
Premium Subsidy	0.00% - 3.00%	1.25% - 3.83%
Personal Healthcare Fund (PHF)	0.00%	0.00%

For the year ended June 30, 2026, required and actual contributions from the District to the OPEB plan were $418,555.

The table below summarizes defined contribution rates in effect for fiscal year 2026:

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, 2026, required and actual contributions from the District for those members with a defined contribution benefit were $954,379.

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

At June 30, 2026, the District reported a liability of $58,429,420 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2024. 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, 2025, the District's proportion was 0.29167%, which was an increase of 0.00878% from its proportion measured as of September 30, 2024.

Notes to Financial Statements

For the year ended June 30, 2026, the District recognized pension expense of $4,045,615. At June 30, 2026, 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	$ 2,263,139	$ 520,426	$ 1,742,713
Changes in assumptions	2,097,199	3,088,136	(990,937)
Net difference between projected and actual earnings on pension plan investments	-	13,963,380	(13,963,380)
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,813,121	93,755	2,719,366
	7,173,459	17,665,697	(10,492,238)
District contributions subsequent to the measurement date	11,873,995	-	11,873,995
Total	$ 19,047,454	$ 17,665,697	$ 1,381,757

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, 2027. 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
2027	$ 209,746
2028	(5,416,584)
2029	(4,111,850)
2030	(1,173,550)
Total	$ (10,492,238)

Notes to Financial Statements

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

At June 30, 2026, the District reported an asset of $15,672,492 for its proportionate share of the MPSERS net OPEB asset. The net OPEB asset was measured as of September 30, 2025, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 2024. 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, 2025, the District's proportion was 0.25781% which was a decrease of 0.02579% from its proportion measured as of September 30, 2024.

For the year ended June 30, 2026, the District recognized OPEB benefit of $4,806,720. At June 30, 2026, 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	$ -	$ 10,730,131	$ (10,730,131)
Changes in assumptions	2,091,662	166,221	1,925,441
Net difference between projected and actual earnings on OPEB plan investments	-	2,202,327	(2,202,327)
Changes in proportion and differences between employer contributions and proportionate share of contributions	260,966	124,297	136,669
	2,352,628	13,222,976	(10,870,348)
District contributions subsequent to the measurement date	641,453	-	641,453
Total	$ 2,994,081	$ 13,222,976	$ (10,228,895)

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, 2027. 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
2027	$ (2,880,178)
2028	(2,843,849)
2029	(2,620,652)
2030	(1,714,420)
2031	(618,898)
Thereafter	(192,351)
Total	$ (10,870,348)

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, 2024 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: 7.75% 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.

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	Of those not opting out, 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, 2025, are based on the results of an actuarial valuation date of September 30, 2024, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.4524 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 6.4654 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. Healthcare cost trend rates for pre-65 increased from 7.25% to 7.75%.

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, 2025, 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	21.00%	5.48%	1.15%
Private equity pools	16.00%	8.78%	1.40%
International equity pools	14.00%	5.29%	0.74%
Fixed income pools	15.00%	2.36%	0.35%
Real estate and infrastructure pools	8.00%	6.61%	0.53%
Absolute return pools	13.00%	4.15%	0.54%
Real return/opportunistic pools	9.00%	6.61%	0.59%
Short-term investment pools	4.00%	1.23%	0.05%
	100.00%		5.35%
Inflation			2.40%
Risk adjustment			-1.75%
Investment rate of return			6.00%

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	16.00%	5.48%	0.88%
Private equity pools	16.00%	8.78%	1.40%
International equity pools	11.00%	5.29%	0.58%
Fixed income pools	26.00%	2.36%	0.61%
Real estate and infrastructure pools	5.00%	6.61%	0.33%
Absolute return pools	15.00%	4.15%	0.62%
Real return/opportunistic pools	7.00%	6.61%	0.46%
Short-term investment pools	4.00%	1.23%	0.05%
	100.00%		4.93%
Inflation			2.40%
Risk adjustment			-1.33%
Investment rate of return			6.00%

Rate of Return

For the fiscal year ended September 30, 2025, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 9.81% and 9.24%, 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.

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	$ 92,204,847	$ 58,429,420	$ 30,298,812

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	$ (13,502,843)	$ (15,672,492)	$ (17,571,405)

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	$ (17,554,077)	$ (15,672,492)	$ (13,696,890)

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 MPSERS 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, 2026, the District reported a payable of $1,759,622 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2026.

Payable to the OPEB Plan

At June 30, 2026, the District reported a payable of $128,613 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2026.

Notes to Financial Statements

12. 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.

13. NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of June 30, 2026, was as follows:

Capital assets, net	$ 12,405,534
Bonds payable	(4,955,000)
Unamortized bond premium	(225,335)
Unspent bond proceeds	252,097
Net investment in capital assets	$ 7,477,296

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REQUIRED SUPPLEMENTARY INFORMATION

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended June 30, 2026

	Original Budget	Final Budget	Variance with Original Budget	Actual	Variance with Final Budget
Revenues					
Local sources	$ 3,315,506	$ 3,551,971	$ 236,465	$ 3,344,158	$ (207,813)
State sources	11,124,131	17,541,514	6,417,383	14,405,276	(3,136,238)
Federal sources	4,960,709	6,028,073	1,067,364	5,414,005	(614,068)
Interdistrict sources	4,171,644	4,140,565	(31,079)	4,104,646	(35,919)
Total revenues	23,571,990	31,262,123	7,690,133	27,268,085	(3,994,038)
Expenditures					
Current:					
Instruction:					
Basic programs	7,030,911	7,524,123	493,212	6,553,978	(970,145)
Added needs	215,066	189,827	(25,239)	137,570	(52,257)
Total instruction	7,245,977	7,713,950	467,973	6,691,548	(1,022,402)
Supporting services:					
Pupil services	2,176,040	3,929,604	1,753,564	2,562,970	(1,366,634)
Instructional support	3,735,019	4,903,244	1,168,225	4,126,737	(776,507)
General administration	665,622	735,481	69,859	674,085	(61,396)
School administration	505,435	531,707	26,272	511,215	(20,492)
Business services	1,981,663	2,088,587	106,924	1,887,758	(200,829)
Operations and maintenance	993,324	1,032,618	39,294	652,429	(380,189)
Central support	3,652,916	4,088,907	435,991	3,444,784	(644,123)
Transportation	144,272	181,526	37,254	154,101	(27,425)
Total supporting services	13,854,291	17,491,674	3,637,383	14,014,079	(3,477,595)
Community services	1,102,944	1,180,219	77,275	1,032,303	(147,916)
Capital outlay	260,000	1,354,538	1,094,538	1,143,493	(211,045)
Interdistrict payments	4,062,793	6,228,920	2,166,127	4,543,989	(1,684,931)
Total expenditures	26,526,005	33,969,301	7,443,296	27,425,412	(6,543,889)
Revenues under expenditures	(2,954,015)	(2,707,178)	246,837	(157,327)	2,549,851
Other financing sources (uses)					
Transfers in	2,527,385	2,533,258	5,873	2,530,376	(2,882)
Transfers out	(670,056)	(908,300)	238,244	(908,299)	(1)
Total other financing sources (uses)	1,857,329	1,624,958	244,117	1,622,077	(2,881)
Net change in fund balance	(1,096,686)	(1,082,220)	490,954	1,464,750	2,546,970
Fund balance, beginning of year	13,218,979	13,218,979	-	13,218,979	-
Fund balance, end of year	$ 12,122,293	$ 12,136,759	$ 14,466	$ 14,683,729	$ 2,546,970

See notes to required supplementary information.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Special Education Fund
For the Year Ended June 30, 2026

	Original Budget	Final Budget	Variance with Original Budget	Actual	Variance with Final Budget
Revenues					
Local sources	$ 29,984,989	$ 30,907,700	$ 922,711	$ 30,150,864	$ (756,836)
State sources	20,256,451	24,132,527	3,876,076	24,043,876	(88,651)
Federal sources	7,056,055	7,325,006	268,951	7,274,694	(50,312)
Interdistrict sources	20,880	33,304	12,424	31,304	(2,000)
Total revenues	57,318,375	62,398,537	5,080,162	61,500,738	(897,799)
Expenditures					
Current:					
Instruction -					
Added needs	19,724,403	21,272,671	1,548,268	17,064,001	(4,208,670)
Supporting services:					
Pupil services	24,792,077	25,670,346	878,269	22,316,535	(3,353,811)
Instructional support	3,045,790	3,260,681	214,891	3,118,273	(142,408)
General administration	97,600	93,800	(3,800)	60,098	(33,702)
School administration	572,848	533,134	(39,714)	415,390	(117,744)
Business services	279,410	188,806	(90,604)	154,801	(34,005)
Operations and maintenance	1,394,611	1,640,272	245,661	1,319,615	(320,657)
Central support	464,482	493,586	29,104	416,066	(77,520)
Transportation	1,505,434	1,565,085	59,651	1,418,982	(146,103)
Total supporting services	32,152,252	33,445,710	1,293,458	29,219,760	(4,225,950)
Community services	243,907	274,758	30,851	233,433	(41,325)
Capital outlay	249,500	91,500	(158,000)	6,473	(85,027)
Interdistrict payments	7,862,500	8,671,666	809,166	8,646,254	(25,412)
Total expenditures	60,232,562	63,756,305	3,523,743	55,169,921	(8,586,384)
Revenues over (under) expenditures	(2,914,187)	(1,357,768)	1,556,419	6,330,817	7,688,585
Other financing sources (uses)					
Transfers in	478,399	480,731	2,332	480,677	(54)
Transfers out	(3,311,003)	(4,188,862)	877,859	(4,113,217)	(75,645)
Total other financing sources (uses)	(2,832,604)	(3,708,131)	880,191	(3,632,540)	75,591
Net change in fund balance	(5,746,791)	(5,065,899)	(680,892)	2,698,277	7,764,176
Fund balance, beginning of year	38,219,910	38,219,910	-	38,219,910	-
Fund balance, end of year	$ 32,473,119	$ 33,154,011	$ 680,892	$ 40,918,187	$ 7,764,176

See notes to 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,			
	2026	2025	2024	2023
District's proportionate share of the net pension liability	$ 58,429,420	$ 69,257,417	$ 90,327,852	$ 104,199,556
District's proportion of the net pension liability	0.29167%	0.28289%	0.27908%	0.27706%
District's covered payroll	$ 32,906,155	$ 30,489,868	$ 28,528,217	$ 26,986,300
District's proportionate share of the net pension liability as a percentage of its covered payroll	177.56%	227.15%	316.63%	386.12%
Plan fiduciary net position as a percentage of the total pension liability	79.44%	74.44%	65.91%	60.77%

See notes to required supplementary information.

Year Ended June 30,					
2022	2021	2020	2019	2018	2017
$ 65,079,800	$ 92,354,861	$ 87,552,221	$ 78,855,692	$ 65,962,754	$ 60,749,883
0.27488%	0.26886%	0.26438%	0.26231%	0.25454%	0.24349%
$ 25,251,511	$ 24,616,734	$ 23,223,554	$ 22,882,333	$ 21,839,968	$ 20,663,408
257.73%	375.17%	377.00%	344.61%	302.03%	294.00%
72.60%	59.72%	60.31%	62.36%	64.21%	63.27%

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,			
	2026	2025	2024	2023
Statutorily required contribution	$ 13,066,819	$ 11,624,415	$ 11,753,281	$ 10,022,502
Contributions in relation to the statutorily required contribution	(13,066,819)	(11,624,415)	(11,753,281)	(10,022,502)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 35,113,380	$ 32,747,525	$ 30,263,856	$ 28,423,142
Contributions as a percentage of covered payroll	37.21%	35.50%	38.84%	35.26%

See notes to required supplementary information.

Year Ended June 30,					
2022	2021	2020	2019	2018	2017
$ 9,389,712	$ 8,225,928	$ 7,371,239	$ 7,012,396	$ 7,149,995	$ 5,942,369
(9,389,712)	(8,225,928)	(7,371,239)	(7,012,396)	(7,149,995)	(5,942,369)
$ -	$ -	$ -	$ -	$ -	$ -
$ 26,803,858	$ 25,138,864	$ 24,542,244	$ 23,197,933	$ 22,745,058	$ 21,863,050
35.03%	32.72%	30.03%	30.23%	31.44%	27.18%

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,			
	2026	2025	2024	2023
District's proportionate share of the net OPEB (asset) liability	$ (15,672,492)	$ (12,207,079)	$ (1,595,474)	$ 5,818,624
District's proportion of the net OPEB asset/liability	0.25781%	0.28360%	0.28204%	0.27471%
District's covered payroll	$ 32,906,155	$ 30,489,868	$ 28,528,217	$ 26,986,300
District's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	-47.63%	-40.04%	-5.59%	21.56%
Plan fiduciary net position as a percentage of the total OPEB liability	164.94%	143.08%	105.04%	83.09%

See notes to required supplementary information.

Year Ended June 30,				
2022	2021	2020	2019	2018
$ 4,218,607	$ 14,783,043	$ 19,004,211	$ 21,310,806	$ 22,530,437
0.27638%	0.27594%	0.26477%	0.26810%	0.25442%
$ 25,251,511	$ 24,616,734	$ 23,223,554	$ 22,882,333	$ 21,839,968
16.71%	60.05%	81.83%	93.13%	103.36%
87.33%	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,			
	2026	2025	2024	2023
Statutorily required contribution	$ 418,555	$ 732,461	$ 2,301,608	$ 2,181,165
Contributions in relation to the statutorily required contribution	(418,555)	(732,461)	(2,301,608)	(2,181,165)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 35,113,380	$ 32,747,525	$ 30,263,856	$ 28,423,142
Contributions as a percentage of covered payroll	1.19%	2.24%	7.61%	7.67%

See notes to required supplementary information.

Year Ended June 30,				
2022	2021	2020	2019	2018
$ 2,088,362	$ 2,039,612	$ 1,943,219	$ 1,806,936	$ 1,686,045
(2,088,362)	(2,039,612)	(1,943,219)	(1,806,936)	(1,686,045)
$ -	$ -	$ -	$ -	$ -
$ 26,803,858	$ 25,138,864	$ 24,542,244	$ 23,197,933	$ 22,745,058
7.79%	8.11%	7.92%	7.79%	7.41%

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Required Supplementary Information

Budgets and Budgetary Accounting

Budgets are adopted for general and special revenue funds as required by state law and are adopted on a basis consistent with GAAP. The District considers the debt service payment schedule to be an adequate budgetary control. The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Superintendent submits to the Board a proposed operating budget for the fiscal year commencing the following July 1.

2. Adoption and amendments of all budgets used by the District are governed by Public Act 621, which was followed for the year ended June 30, 2026. Expenditures may not exceed appropriations at the activity level. The appropriations resolutions are based on the projected expenditures budget of the budgetary department heads of the District. Any amendment to the original budget must meet the requirements of Public Act 621. Any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Required Supplementary Information

General Fund Budgetary Highlights

	Amount
Budgetary revenues	
Variances - original budget to final budget:	
State sources	$ 6,417,383
The State budget was unknown at the time the original budget was prepared.	
Federal sources	1,067,364
The Federal budget was unknown at the time the original budget was prepared.	
Variances - final budget to actual:	
State sources	(3,136,238)
Variance of actual due to state grants that follow the State fiscal year so revenue is deferred to cover expenses July 1st through September 30th during the District's fiscal year 2026-2027. The District budgets for the entire amount of the grant to be conservative.	
Budgetary expenditures	
Variances - original budget to final budget:	
Supporting services - pupil services	1,753,564
Variance due to increase in personnel positions/costs that were added after the original budget, once the State budget was known.	
Supporting services - instructional support	1,168,225
Variance due to vacant positions not filled by the District and amounts budgeted for grants that follow the State fiscal year and will be spent July 1st - September 30th in the District's fiscal year 2026-2027.	
Capital outlay	1,094,538
Variances were primarily attributable to property acquisitions and additional projects identified after the original budget was adopted.	
Interdistrict payments	2,166,127
Variance was due to an increase in the indirect cost rate that was not known when the original budget was adopted.	
Variances - final budget to actual:	
Supporting services - pupil services	(1,366,634)
Personnel costs were lower than budgeted due to positions remaining vacant during the year.	
Interdistrict payments	(1,684,931)
The variance in interdistrict payments resulted primarily from state grant expenditures that were fully budgeted but not fully expended as of June 30, 2026, due to grant spending periods extending through September 30, 2026 in accordance with the State's fiscal year. Additionally, there were project expenditures budgeted at the full project amount; however, certain project components had not been completed by year-end. The District also budgeted contingency expenditures for potential unforeseen costs, none of which were incurred during the fiscal year.	

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Required Supplementary Information

General Fund Budgetary Highlights

	Amount
Budgetary other financing sources (uses)	

Variances - original budget to final budget:

There were no significant variances from original to final budget.

Variances - final budget to actual:

There were no significant variances from final budget to actual.

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Required Supplementary Information

Special Education Fund Budgetary Highlights

	Amount
Budgetary revenues	
Variances - original budget to final budget:	
Local sources	$ 922,711
Changes in original to final budget due to conservative budgeted interest amounts on investments, bank accounts and unanticipated changes in taxable value projections and medicaid services revenue projections.	
State sources	3,876,076
The State budget was unknown at the time the original budget was prepared.	
Variances - final budget to actual:	
Local sources	(756,836)
The variance between budgeted and actual revenues resulted primarily from Medicaid revenue and property tax collections being lower than originally estimated, as well as investment earnings that were below budgeted expectations.	
Budgetary expenditures	
Variances - original budget to final budget:	
Supporting services - pupil services	878,269
Variance due to increase in personnel positions/costs that were added after the original budget.	
Interdistrict payments	809,166
Variance was due to an increase in the indirect cost rate that was not known when the original budget was adopted. Variance for additional transfer for property purchase.	
Instruction - added needs	1,548,268
The variance between the original budget and actual expenditures was primarily attributable to staffing additions made during the fiscal year to meet operational needs that were not known at the time the original budget was prepared.	
Variances - final budget to actual:	
Supporting services - pupil services	(3,353,811)
Personnel costs were lower than budgeted due to positions remaining vacant during the year.	
Instruction - added needs	(4,208,670)
The favorable variance between budgeted and actual expenditures was primarily the result of unfilled positions during the fiscal year, which led to lower-than-budgeted salaries, employee benefits, and instructional expenditures.	

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Required Supplementary Information

Special Education Fund Budgetary Highlights

	Amount
Budgetary other financing sources (uses)	
Variances - original budget to final budget:	
Transfers out	$ 877,859
Variance due to change in indirect percentage set by the State which was not known at the time of the original budget. Additional variance due to increase in the transfer for the bond fund payment and the annual transfer to food service to cover food costs not covered by National School Lunch Program (NSLP).	

Variances - final budget to actual:

There were no significant variances from final budget to actual.

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:

- 2026 - There have been no material changes in the valuation assumptions.
- 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.

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:

- 2026 - Healthcare cost trend rates for pre-65 increased from 7.25% to 7.75%.
- 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%.

COMBINING FUND FINANCIAL STATEMENTS

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

Combining Balance Sheet

Nonmajor Governmental Funds
June 30, 2026

	Special Revenue			Debt Service
	Food Service Fund	Technology Enhancement Fund	Student/School Activity Fund	Debt Service Fund
Assets				
Cash and investments	$ 25,152	$ 3,689	$ 60,292	$ -
Accounts receivable	71,661	-	-	-
Taxes receivable, net	-	68,090	-	-
Inventory	3,124	-	-	-
Total assets	$ 99,937	$ 71,779	$ 60,292	$ -
Liabilities				
Accounts payable	$ 27,914	$ 6,200	$ 510	$ -
Unearned revenue	1,359	-	-	-
Total liabilities	29,273	6,200	510	-
Deferred inflows of resources				
Unavailable revenue - taxes receivable	-	49,840	-	-
Fund balances				
Nonspendable	3,124	-	-	-
Restricted	67,540	15,739	-	-
Committed	-	-	59,782	-
Total fund balances	70,664	15,739	59,782	-
Total liabilities, deferred inflows of resources, and fund balances	$ 99,937	$ 71,779	$ 60,292	$ -

Capital Projects		
Capital Projects Fund	2025 Capital Projects Fund	Totals
$ 2,161,025	$ 252,097	$ 2,502,255
-	-	71,661
-	-	68,090
-	-	3,124
$ 2,161,025	$ 252,097	$ 2,645,130
$ 32,685	$ -	$ 67,309
-	-	1,359
32,685	-	68,668
-	-	49,840
-	-	3,124
-	252,097	335,376
2,128,340	-	2,188,122
2,128,340	252,097	2,526,622
$ 2,161,025	$ 252,097	$ 2,645,130

MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

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

Nonmajor Governmental Funds
For the Year Ended June 30, 2026

	Special Revenue			Debt Service
	Food Service Fund	Technology Enhancement Fund	Student/School Activity Fund	Debt Service Fund
Revenues				
Local sources	$ 10,315	$ 7,588,061	$ 50,787	$ -
State sources	133,974	200,612	-	-
Federal sources	77,583	-	-	-
Total revenues	221,872	7,788,673	50,787	-
Expenditures				
Current:				
Supporting services	-	3,435	47,011	-
Food services	264,139	-	-	-
Capital outlay	12,968	-	-	-
Interdistrict payments	-	7,568,591	-	-
Debt service:				
Principal	-	-	-	75,000
Interest and fiscal charges	-	-	-	309,625
Total expenditures	277,107	7,572,026	47,011	384,625
Revenues over (under) expenditures	(55,235)	216,647	3,776	(384,625)
Other financing sources (uses)				
Transfers in	109,500	-	-	384,625
Transfers out	-	(208,662)	-	-
Other financing sources (uses)	109,500	(208,662)	-	384,625
Net change in fund balances	54,265	7,985	3,776	-
Fund balances, beginning of year	16,399	7,754	56,006	-
Fund balances, end of year	$ 70,664	$ 15,739	$ 59,782	$ -

Capital Projects		
Capital Projects Fund	2025 Capital Projects Fund	Totals
$ 15,868	$ 30,820	$ 7,695,851
-	-	334,586
-	-	77,583
15,868	30,820	8,108,020
85	-	50,531
-	-	264,139
659,904	1,719,839	2,392,711
-	-	7,568,591
-	-	75,000
-	-	309,625
659,989	1,719,839	10,660,597
(644,121)	(1,689,019)	(2,552,577)
1,725,000	-	2,219,125
-	-	(208,662)
1,725,000	-	2,010,463
1,080,879	(1,689,019)	(542,114)
1,047,461	1,941,116	3,068,736
$ 2,128,340	$ 252,097	$ 2,526,622

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