

Monroe County  
Intermediate  
School District



Year Ended  
June 30, 2024

Financial  
Statements and  
Single Audit Act  
Compliance

**Rehmann**

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# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

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# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

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## INDEPENDENT AUDITORS' REPORT

November 1, 2024

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, 2024, 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, 2024, and the respective changes in financial position thereof and the respective budgetary comparisons for the general fund and the special education fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

#### *Responsibilities of Management for the Financial Statements*

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



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

***Independent Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Rehmann Johnson LLC". The signature is written in a cursive, flowing style.

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Management's Discussion and Analysis

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

### Financial Highlights

· Total net position	\$ (27,204,001)
· Change in total net position	11,136,368
· Fund balances, governmental funds	44,513,363
· Change in fund balances, governmental funds	5,929,911
· Unassigned fund balance, general fund	11,996,678
· Change in fund balance, general fund	1,299,295

### Overview of the Financial Statements

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

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

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

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

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

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

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Management's Discussion and Analysis

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

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

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

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

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

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

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$27.2 million at the close of the most recent fiscal year.

The District's investment in capital assets was \$6.3 million at June 30, 2024. The District uses these capital assets to provide services to the students it serves; consequently, these assets are not available for future spending.

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Management's Discussion and Analysis

### The District as a Whole

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

	Net Position	
	2024	2023
<b>Assets</b>		
Current and other assets	\$ 59,397,322	\$ 50,945,228
Capital assets, net	6,280,559	5,268,617
<b>Total assets</b>	<u>65,677,881</u>	<u>56,213,845</u>
<b>Deferred outflows of resources</b>	<u>34,071,723</u>	<u>41,676,803</u>
<b>Liabilities</b>		
Long-term liabilities	92,198,639	111,796,011
Other liabilities	13,025,069	12,137,682
<b>Total liabilities</b>	<u>105,223,708</u>	<u>123,933,693</u>
<b>Deferred inflows of resources</b>	<u>21,729,897</u>	<u>12,297,324</u>
<b>Net position</b>		
Investment in capital assets	6,280,559	5,268,617
Restricted	33,591,597	27,033,607
Unrestricted (deficit)	<u>(67,076,157)</u>	<u>(70,642,593)</u>
<b>Total net position</b>	<u>\$ (27,204,001)</u>	<u>\$ (38,340,369)</u>

The District is required to report its proportionate share of the MPERS net pension liability and net other postemployment benefit asset on the statement of net position. This change has resulted in a negative total net position of governmental activities of \$27.2 million. Of this amount, \$(67.1 million) is unrestricted net position (deficit) and \$33.6 million represents resources that are subject to external restrictions on how they may be used. The operating results of the general fund will have a significant impact on the change in unrestricted net position from year to year.

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Management's Discussion and Analysis

The results of this year's operations for the District as a whole are reported in the statement of activities, which shows the changes in net position for the fiscal year 2024.

	Change in Net Position	
	2024	2023
<b>Program revenues</b>		
Charges for services	\$ 24,753	\$ 46,776
Operating grants and contributions	52,374,346	51,119,563
<b>General revenues</b>		
Property taxes	32,928,705	31,096,723
Unrestricted state aid	1,883,314	1,793,632
Unrestricted investment earnings	604,371	489,952
<b>Total revenues</b>	<u>87,815,489</u>	<u>84,546,646</u>
<b>Function/program expenses</b>		
Instruction	20,521,200	21,243,129
Supporting services	34,423,197	33,515,851
Community services	1,347,182	1,442,341
Food services	222,906	214,747
Interdistrict payments	20,164,636	18,140,153
<b>Total expenses</b>	<u>76,679,121</u>	<u>74,556,221</u>
<b>Change in net position</b>	11,136,368	9,990,425
Net position, beginning of year	<u>(38,340,369)</u>	<u>(48,330,794)</u>
<b>Net position, end of year</b>	<u>\$ (27,204,001)</u>	<u>\$ (38,340,369)</u>

### Change in Net Position

As reported in the statement of activities, the cost of all of the District's governmental activities this year was \$76.7 million. Certain activities were partially funded from those who benefited from the programs which totaled approximately \$25,000. Activities funded by other governments and organizations that subsidized certain programs with grants and contributions totaled \$52.4 million. The District paid for the remaining "public benefit" portion of governmental activities with \$32.9 million in taxes, \$1.9 million in unrestricted state aid, and with other revenues, (i.e., interest and general entitlements). The District experienced an increase in net position of \$11.1 million during the current year. The increase in net position was primarily due to a decrease in the pension and OPEB expenses, along with an increase in the local tax revenue collected.

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

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Management's Discussion and Analysis

### Governmental Funds

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$44.5 million, an increase of \$5.9 million from the prior year. Approximately 27% of this total amount constitutes *unassigned fund balance*, which is available for spending at the District's discretion. The remainder of fund balance is nonspendable (\$0.1 million), restricted (\$31.7 million), committed (\$0.6 million), or assigned (approximately \$38,000).

*General Fund.* The general fund is the chief operating fund of the District, and represents the District's unassigned fund balance. At the end of the current fiscal year, unassigned fund balance of the general fund was \$12.0 million. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents approximately 50% of total general fund expenditures.

During the current fiscal year, the fund balance in the District's general fund increased by \$1.3 million, as compared with the increase during the 2022-23 school year of \$1.4 million. This was primarily the result of increased property tax collections, conservative budgeting, and underspending of some contingency areas.

*Special Education Fund.* During the current fiscal year, fund balance in the District's special education fund increased by \$4.9 million, and the ending fund balance was \$31.7 million. Fund balance increased due to several staff positions being vacant due to a lack of available staffing, timing of the Special Education funding cycle, and larger than anticipated increases in local tax collections.

### General Fund Budgetary Highlights

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

The change between the original and final amended budget for revenues was an increase of \$5.3 million. State sources increased by \$3.4 million due to the original budget being adopted by the Board of Education when the State's budget had not been finalized, along with carryover allocation increases. Several new categories of funding were added by the State, including a one-time pass through to the retirement system. Federal sources increased by \$1,270,979 due to final allocation adjustments for the carryover of Head Start and GSRP Coronavirus State and Local Fiscal Recovery Funds.

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Management's Discussion and Analysis

The change between the original and final amended budget for expenditures was an increase of \$4.1 million. Instruction expenditures increased by \$0.4 million due to added instructional expenses from State GSRP grant increases and carryover. Supporting services increased by \$1.3 million due to increases in the State's UAAL funding requirements and GSRP expansion. Community services increased by \$0.3 million due to higher needs in new State grants and 32P allocations. Interdistrict payments increased by \$2.0 million due to GSRP expansion and added subrecipient levels in various grants.

Actual revenue was below final budgeted amounts by approximately \$3.3 million due primarily to the District budgeting for grant allocations to be fully spent, but the grant periods not aligning with the District's fiscal year-end. Actual expenditures were less than final budgeted amounts by approximately \$4.8 million due to conservative budgeting practices by the District and unspent grant funds that will be carried over to the next year.

### Capital Assets and Debt Administration

*Capital Assets.* The District's investment in capital assets for its governmental activities as of June 30, 2024, totaled \$6.3 million (net of accumulated depreciation), as compared to prior year's investment of \$5.3 million. This investment in capital assets includes land, buildings and improvements, buses and other vehicles, and furniture and equipment.

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

- Holiday Camp Patio and Roof Replacements \$ 608,205
- AV System Upgrades for Conference Rooms 177,878
- Building Security enhancements 96,793
- District Laptops 154,566
- District iPads 388,381
- IT Server and Switch Upgrades 52,279
- 2024 Transit Van for Transition Center 60,084
- 2024 Box Truck Buildings and Grounds 91,034

	<b>District's Capital Assets (net of depreciation)</b>	
	<b>2024</b>	<b>2023</b>
Land	\$ 150,882	\$ 150,882
Buildings and improvements	4,900,680	4,138,916
Buses and other vehicles	490,451	420,412
Furniture and equipment	738,546	558,407
<b>Total</b>	<b>\$ 6,280,559</b>	<b>\$ 5,268,617</b>

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

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Management's Discussion and Analysis

*Long-term Debt.* Obligations include accrued vacation pay and sick leave. The District presents more detailed information about our long-term debt in the notes to the financial statements.

### **Economic Factors and Next Year's Budget and Rates**

Our Board of Education and administration consider many factors when setting the District's 2024-2025 fiscal year budgets. The 2024-2025 budget was adopted in June 2024.

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

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

The overall financial position of the District at June 30, 2024 remains sound; however, the District will have to continue to evaluate the use of fund balance in balancing the budget. In the future, the fund balance of both the general fund and the special education fund may be reduced because of decreased state and/or federal appropriations, changes in property tax values, and increases in operational costs.

### **Contacting the District's Management**

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



## **BASIC FINANCIAL STATEMENTS**

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Statement of Net Position

June 30, 2024

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and investments	\$ 46,813,185
Receivables, net	10,873,816
Prepaid items and other assets	114,847
Net other postemployment benefit asset	1,595,474
Capital assets not being depreciated	150,882
Capital assets being depreciated, net	<u>6,129,677</u>
<b>Total assets</b>	<u>65,677,881</u>
<b>Deferred outflows of resources</b>	
Deferred pension amounts	27,840,050
Deferred other postemployment benefit amounts	<u>6,231,673</u>
<b>Total deferred outflows of resources</b>	<u>34,071,723</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	7,317,831
Unearned revenue	5,707,238
Long-term debt:	
Due within one year	187,079
Due in more than one year	1,683,708
Net pension liability (due in more than one year)	<u>90,327,852</u>
<b>Total liabilities</b>	<u>105,223,708</u>
<b>Deferred inflows of resources</b>	
Deferred pension amounts	9,124,448
Deferred other postemployment benefit amounts	<u>12,605,449</u>
<b>Total deferred inflows of resources</b>	<u>21,729,897</u>
<b>Net position</b>	
Investment in capital assets	6,280,559
Restricted for:	
Other postemployment benefits	1,595,474
Special education	31,906,465
Food service	13,154
Technology	76,504
Unrestricted (deficit)	<u>(67,076,157)</u>
<b>Total net position</b>	<u>\$ (27,204,001)</u>

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

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Statement of Activities

For the Year Ended June 30, 2024

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
<b>Governmental activities</b>				
Instruction	\$ 20,521,200	\$ 6,227	\$ 42,505,039	\$ 21,990,066
Supporting services	34,423,197	-	4,769,602	(29,653,595)
Community services	1,347,182	-	1,331,259	(15,923)
Food services	222,906	18,526	148,537	(55,843)
Interdistrict payments	20,164,636	-	3,619,909	(16,544,727)
<b>Total</b>	<u>\$ 76,679,121</u>	<u>\$ 24,753</u>	<u>\$ 52,374,346</u>	<u>(24,280,022)</u>
<b>General revenues</b>				
Property taxes				32,928,705
Unrestricted state aid				1,883,314
Unrestricted investment earnings				<u>604,371</u>
<b>Total general revenues</b>				<u>35,416,390</u>
<b>Change in net position</b>				11,136,368
Net position, beginning of year				<u>(38,340,369)</u>
<b>Net position, end of year</b>				<u>\$ (27,204,001)</u>

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

## **FUND FINANCIAL STATEMENTS**

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Balance Sheet

Governmental Funds  
June 30, 2024

	General Fund	Special Education Fund	Nonmajor Governmental Funds	Totals
<b>Assets</b>				
Cash and investments	\$ 13,967,638	\$ 32,218,298	\$ 627,412	\$ 46,813,348
Accounts receivable	5,388,552	5,194,134	23,469	10,606,155
Taxes receivable, net	12,562	178,246	76,853	267,661
Inventory	-	1,765	2,513	4,278
Prepaid items	106,392	4,177	-	110,569
<b>Total assets</b>	<b>\$ 19,475,144</b>	<b>\$ 37,596,620</b>	<b>\$ 730,247</b>	<b>\$ 57,802,011</b>
<b>Liabilities</b>				
Negative equity in cash and investments	\$ -	\$ -	\$ 163	\$ 163
Accounts payable	1,245,903	1,211,939	12,448	2,470,290
Accrued payroll and other liabilities	1,094,517	3,753,024	-	4,847,541
Unearned revenue	4,980,919	725,192	1,127	5,707,238
<b>Total liabilities</b>	<b>7,321,339</b>	<b>5,690,155</b>	<b>13,738</b>	<b>13,025,232</b>
<b>Deferred inflows of resources</b>				
Unavailable revenue - taxes receivable	12,303	175,140	75,973	263,416
<b>Fund balances</b>				
Nonspendable:				
Inventory	-	1,765	2,513	4,278
Prepaid items	106,392	4,177	-	110,569
Restricted for:				
Special education	-	31,725,383	-	31,725,383
Food service	-	-	10,641	10,641
Technology	-	-	531	531
Committed for:				
Student/school activities	-	-	54,337	54,337
Capital projects	-	-	572,514	572,514
Assigned for -				
Monroe County Middle College	38,432	-	-	38,432
Unassigned	11,996,678	-	-	11,996,678
<b>Total fund balances</b>	<b>12,141,502</b>	<b>31,731,325</b>	<b>640,536</b>	<b>44,513,363</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 19,475,144</b>	<b>\$ 37,596,620</b>	<b>\$ 730,247</b>	<b>\$ 57,802,011</b>

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, 2024

**Fund balances - total governmental funds** \$ 44,513,363

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 263,416

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 6,129,677

Certain liabilities, such as compensated absences, are not due and payable in the current period and therefore are not reported in the funds.

Compensated absences (1,870,787)

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 (90,327,852)

Deferred outflows or resources related to the net pension liability 27,840,050

Deferred inflows or resources related to the net pension liability (9,124,448)

Net other postemployment benefit asset 1,595,474

Deferred outflows or resources related to the net other postemployment benefit asset 6,231,673

Deferred inflows or resources related to the net other postemployment benefit asset (12,605,449)

**Net position of governmental activities** \$ (27,204,001)

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, 2024

	General Fund	Special Education Fund	Nonmajor Governmental Funds	Totals
<b>Revenues</b>				
Local sources	\$ 2,851,894	\$ 27,689,317	\$ 6,902,377	\$ 37,443,588
State sources	12,336,404	21,678,239	219,826	34,234,469
Federal sources	5,215,192	7,169,450	93,559	12,478,201
Interdistrict sources	3,591,882	28,027	-	3,619,909
<b>Total revenues</b>	<u>23,995,372</u>	<u>56,565,033</u>	<u>7,215,762</u>	<u>87,776,167</u>
<b>Expenditures</b>				
Education:				
Instruction	6,586,022	15,577,516	-	22,163,538
Supporting services	11,967,486	24,731,723	55,428	36,754,637
Community services	1,103,784	338,269	-	1,442,053
Food services	-	-	214,356	214,356
Capital outlay	238,135	9,030	859,871	1,107,036
Interdistrict payments	4,339,476	9,006,324	6,818,836	20,164,636
<b>Total expenditures</b>	<u>24,234,903</u>	<u>49,662,862</u>	<u>7,948,491</u>	<u>81,846,256</u>
Revenues over (under) expenditures	<u>(239,531)</u>	<u>6,902,171</u>	<u>(732,729)</u>	<u>5,929,911</u>
<b>Other financing sources (uses)</b>				
Transfers in	2,087,557	469,510	613,612	3,170,679
Transfers out	(548,731)	(2,436,861)	(185,087)	(3,170,679)
<b>Total other financing sources (uses)</b>	<u>1,538,826</u>	<u>(1,967,351)</u>	<u>428,525</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>1,299,295</u>	<u>4,934,820</u>	<u>(304,204)</u>	<u>5,929,911</u>
Fund balances, beginning of year	<u>10,842,207</u>	<u>26,796,505</u>	<u>944,740</u>	<u>38,583,452</u>
<b>Fund balances, end of year</b>	<u>\$ 12,141,502</u>	<u>\$ 31,731,325</u>	<u>\$ 640,536</u>	<u>\$ 44,513,363</u>

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



# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Reconciliation

Net Changes in Fund Balances of Governmental Funds  
to Change in Net Position of Governmental Activities  
For the Year Ended June 30, 2024

**Net change in fund balances - total governmental funds** \$ 5,929,911

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 receivables 39,322

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 1,357,336  
Depreciation expense (345,394)

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 (547,414)  
Change in the net other postemployment benefit asset/liability and related deferred amounts 4,795,563  
Change in the accrual for compensated absences (92,956)

**Change in net position of governmental activities** \$ 11,136,368

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

## MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

### Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Local sources	\$ 2,463,390	\$ 3,008,167	\$ 2,851,894	\$ (156,273)
State sources	10,778,110	14,170,115	12,336,404	(1,833,711)
Federal sources	4,939,385	6,210,364	5,215,192	(995,172)
Interdistrict sources	3,763,604	3,866,055	3,591,882	(274,173)
<b>Total revenues</b>	<u>21,944,489</u>	<u>27,254,701</u>	<u>23,995,372</u>	<u>(3,259,329)</u>
<b>Expenditures</b>				
Education:				
Instruction:				
Basic programs	6,786,939	7,174,746	6,352,416	(822,330)
Added needs	174,187	248,191	233,606	(14,585)
Total instruction	<u>6,961,126</u>	<u>7,422,937</u>	<u>6,586,022</u>	<u>(836,915)</u>
Supporting services:				
Pupil services	2,245,632	2,458,808	2,243,395	(215,413)
Instructional support	3,413,216	4,104,541	3,528,160	(576,381)
General administration	627,192	669,484	627,565	(41,919)
School administration	473,741	488,039	464,953	(23,086)
Business services	1,768,635	1,697,374	1,533,083	(164,291)
Operations and maintenance	725,846	767,641	573,617	(194,024)
Central support	3,149,812	3,429,366	2,837,854	(591,512)
Transportation	143,765	199,075	158,859	(40,216)
Total supporting services	<u>12,547,839</u>	<u>13,814,328</u>	<u>11,967,486</u>	<u>(1,846,842)</u>
Community services	<u>1,041,375</u>	<u>1,380,000</u>	<u>1,103,784</u>	<u>(276,216)</u>
Capital outlay	<u>279,000</u>	<u>341,965</u>	<u>238,135</u>	<u>(103,830)</u>
Interdistrict payments	<u>4,061,003</u>	<u>6,070,779</u>	<u>4,339,476</u>	<u>(1,731,303)</u>
<b>Total expenditures</b>	<u>24,890,343</u>	<u>29,030,009</u>	<u>24,234,903</u>	<u>(4,795,106)</u>
Revenues under expenditures	<u>(2,945,854)</u>	<u>(1,775,308)</u>	<u>(239,531)</u>	<u>1,535,777</u>
<b>Other financing sources (uses)</b>				
Transfers in	2,038,624	2,089,175	2,087,557	(1,618)
Transfers out	<u>(548,731)</u>	<u>(548,731)</u>	<u>(548,731)</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>1,489,893</u>	<u>1,540,444</u>	<u>1,538,826</u>	<u>(1,618)</u>
<b>Net change in fund balance</b>	<u>(1,455,961)</u>	<u>(234,864)</u>	<u>1,299,295</u>	<u>1,534,159</u>
Fund balance, beginning of year	<u>10,842,207</u>	<u>10,842,207</u>	<u>10,842,207</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 9,386,246</u>	<u>\$ 10,607,343</u>	<u>\$ 12,141,502</u>	<u>\$ 1,534,159</u>

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

## MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

### Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual - Special Education Fund

For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Local sources	\$ 26,397,108	\$ 27,532,400	\$ 27,689,317	\$ 156,917
State sources	17,680,096	21,519,780	21,678,239	158,459
Federal sources	7,063,891	7,144,130	7,169,450	25,320
Interdistrict sources	18,560	32,379	28,027	(4,352)
<b>Total revenues</b>	<u>51,159,655</u>	<u>56,228,689</u>	<u>56,565,033</u>	<u>336,344</u>
<b>Expenditures</b>				
Education:				
Instruction -				
Added needs	<u>18,301,121</u>	<u>18,637,840</u>	<u>15,577,516</u>	<u>(3,060,324)</u>
Supporting services:				
Pupil services	19,817,554	21,146,775	18,730,818	(2,415,957)
Instructional support	2,956,680	2,836,099	2,680,541	(155,558)
General administration	86,100	95,831	61,519	(34,312)
School administration	471,074	481,512	441,066	(40,446)
Business services	262,720	250,015	110,246	(139,769)
Operations and maintenance	1,271,429	1,340,120	1,060,746	(279,374)
Central support	396,345	438,947	365,381	(73,566)
Transportation	<u>1,379,064</u>	<u>1,548,852</u>	<u>1,281,406</u>	<u>(267,446)</u>
Total supporting services	<u>26,640,966</u>	<u>28,138,151</u>	<u>24,731,723</u>	<u>(3,406,428)</u>
Community services	<u>337,476</u>	<u>366,984</u>	<u>338,269</u>	<u>(28,715)</u>
Capital outlay	<u>162,500</u>	<u>93,300</u>	<u>9,030</u>	<u>(84,270)</u>
Interdistrict payments	<u>7,557,000</u>	<u>9,003,178</u>	<u>9,006,324</u>	<u>3,146</u>
<b>Total expenditures</b>	<u>52,999,063</u>	<u>56,239,453</u>	<u>49,662,862</u>	<u>(6,576,591)</u>
Revenues over (under) expenditures	<u>(1,839,408)</u>	<u>(10,764)</u>	<u>6,902,171</u>	<u>6,912,935</u>
<b>Other financing sources (uses)</b>				
Transfers in	465,731	469,352	469,510	158
Transfers out	<u>(2,425,691)</u>	<u>(2,473,266)</u>	<u>(2,436,861)</u>	<u>36,405</u>
<b>Total other financing sources (uses)</b>	<u>(1,959,960)</u>	<u>(2,003,914)</u>	<u>(1,967,351)</u>	<u>36,563</u>
<b>Net change in fund balance</b>	<u>(3,799,368)</u>	<u>(2,014,678)</u>	<u>4,934,820</u>	<u>6,949,498</u>
Fund balance, beginning of year	<u>26,796,505</u>	<u>26,796,505</u>	<u>26,796,505</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 22,997,137</u>	<u>\$ 24,781,827</u>	<u>\$ 31,731,325</u>	<u>\$ 6,949,498</u>

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

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Statement of Fiduciary Net Position

Fiduciary Fund

June 30, 2024

	<b>Custodial Fund</b>
<b>Assets</b>	
Cash and investments	\$ 39,155
<b>Liabilities</b>	
Accounts payable	<u>387</u>
<b>Net position</b>	
Restricted for other groups	<u><u>\$ 38,768</u></u>

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

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Statement of Changes in Fiduciary Net Position

Fiduciary Fund

For the Year Ended June 30, 2024

	<b>Custodial Fund</b>
<b>Additions</b>	
Private donations and contributions	\$ 15,578
<b>Deductions</b>	
Payments to other groups	<u>6,085</u>
<b>Change in net position</b>	9,493
Net position, beginning of year	<u>29,275</u>
<b>Net position, end of year</b>	<u><u>\$ 38,768</u></u>

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

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## **NOTES TO FINANCIAL STATEMENTS**

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes to Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Reporting Entity

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

#### ***Government-wide and Fund Financial Statements***

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

#### ***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting* as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, or one year for reimbursement-based grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures related to compensated absences are recorded only when payment is due.



# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes to Financial Statements

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

The District reports the following major governmental funds:

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

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

Additionally, the District reports the following fund types:

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

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

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

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

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

#### ***Deposits and Investments***

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

Investments are reported at fair value.

#### ***Receivables and Payables***

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

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes to Financial Statements

### *Inventories and Prepaids*

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

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

### *Capital Assets*

Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition cost at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

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

### *Deferred Outflows of Resources*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports deferred outflows of resources related to the net pension liability and the net other postemployment benefit asset. A portion of these costs represent contributions to the plan subsequent to the plan measurement date.

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes to Financial Statements

### *Salaries Payable and Accrued Employee Benefits*

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

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

### *Compensated Absences*

The liability for compensated absences reported in the government-wide financial statements consists of earned but unused accumulated vacation and sick leave benefits. A liability for these amounts is reported in governmental funds as it comes due for payment, such as for employee retirements or resignations. The liability has been calculated for employees who currently are eligible to receive termination payments using the vesting method.

### *Deferred Inflows of Resources*

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

### *Fund Balance*

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

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes to Financial Statements

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

### *Pensions and Other Postemployment Benefits*

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

### *Use of Estimates*

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

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

## 2. BUDGETARY INFORMATION

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

During the year ended June 30, 2024, the District incurred expenditures which were in excess of the amounts appropriated, as follows:

	<b>Final Budget</b>	<b>Actual Expenditures</b>	<b>Over Budget</b>
<b>Special Education Fund</b>			
Interdistrict payments	\$ 9,003,178	\$ 9,006,324	\$ 3,146

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes to Financial Statements

### 3. DEPOSITS AND INVESTMENTS

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

**Statement of net position**

Cash and investments \$ 46,813,185

**Statement of fiduciary net position**

Cash and investments 39,155

\$ 46,852,340

Bank deposits (checking and savings accounts) \$ 38,260,102

Investments 8,592,238

\$ 46,852,340

**Statutory Authority**

State statutes authorize the District to deposit and invest in:

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

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

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes to Financial Statements

The District chooses to disclose its investments by specifically identifying each. At June 30, 2024, the District had the following investments:

Investment	Maturity	Fair Value
Fifth Third Securities:		
Money market fund	n/a	\$ 29,926
Commercial paper	< 1 year	1,814,193
U.S. agencies:		
	< 1 year	2,144,143
	1-5 years	268,177
U.S. treasuries:		
	< 1 year	3,438,574
	1-5 years	<u>897,225</u>
		<u>\$ 8,592,238</u>

### Investment and Deposit Risk

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

*Credit Risk.* State law limits investments to specific government securities, certificates of deposits, and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments above. The District's investment policy does not have specific limits in excess of state law on investment credit risk. As of June 30, 2024, the District's investments were rated by Standard & Poor's as follows:

	Rating
AAA	\$ 248,750
AA+	7,322,330
AA-	498,748
A+	247,816
A	244,668
AAAm	<u>29,926</u>
	<u>\$ 8,592,238</u>

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes to Financial Statements

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned. State law does not require and the District does not have a policy for deposit custodial credit risk. As of year end, \$38,139,287 of the District’s bank balance of \$38,389,287 was exposed to custodial credit risk because it was uninsured and uncollateralized.

*Custodial Credit Risk – Investments.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the District does not have a policy for investment custodial credit risk. None of the District’s investments are subject to custodial credit risk because their existence is not evidenced by securities in physical or book form.

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

### Fair Value

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

The District's recurring fair value measurement as of June 30, 2024 for its investments in commercial paper, U.S. agencies, and U.S. treasuries are valued using significant other observable inputs of the underlying securities and bonds (Level 2 inputs).

## 4. RECEIVABLES

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

	General Fund	Special Education Fund	Nonmajor Governmental Funds	Totals
Accounts receivable	\$ 5,388,552	\$ 5,194,134	\$ 23,469	\$ 10,606,155
Property taxes	39,587	543,190	155,399	738,176
Less: allowance for uncollectible accounts	(27,025)	(364,944)	(78,546)	(470,515)
	<u>\$ 5,401,114</u>	<u>\$ 5,372,380</u>	<u>\$ 100,322</u>	<u>\$ 10,873,816</u>

The District has estimated that \$263,416 is not expected to be collected within one year.

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes to Financial Statements

### 5. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2024 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets not being depreciated -				
Land	\$ 150,882	\$ -	\$ -	\$ 150,882
Capital assets being depreciated:				
Buildings and improvements	9,502,082	926,884	-	10,428,966
Buses and other vehicles	1,547,657	151,118	-	1,698,775
Furniture and equipment	1,402,974	279,334	(13,026)	1,669,282
	<u>12,452,713</u>	<u>1,357,336</u>	<u>(13,026)</u>	<u>13,797,023</u>
Less accumulated depreciation for:				
Buildings and improvements	(5,363,166)	(165,120)	-	(5,528,286)
Buses and other vehicles	(1,127,245)	(81,079)	-	(1,208,324)
Furniture and equipment	(844,567)	(99,195)	13,026	(930,736)
	<u>(7,334,978)</u>	<u>(345,394)</u>	<u>13,026</u>	<u>(7,667,346)</u>
Total capital assets being depreciated, net	<u>5,117,735</u>	<u>1,011,942</u>	<u>-</u>	<u>6,129,677</u>
<b>Capital assets, net</b>	<u>\$ 5,268,617</u>	<u>\$ 1,011,942</u>	<u>\$ -</u>	<u>\$ 6,280,559</u>

Depreciation expense of \$336,844 and \$8,550 was reported on the statement of activities as “supporting services” and “food services”, respectively.

### 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	General Fund	Special Education Fund	Nonmajor Governmental Funds	Totals
Accounts payable	\$ 1,245,903	\$ 1,211,939	\$ 12,448	\$ 2,470,290
Accrued payroll and other liabilities	1,094,517	3,753,024	-	4,847,541
	<u>\$ 2,340,420</u>	<u>\$ 4,964,963</u>	<u>\$ 12,448</u>	<u>\$ 7,317,831</u>



# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes to Financial Statements

### 7. INTERFUND TRANSFERS

For the year ended June 30, 2024, interfund transfers consisted of the following:

	Transfers in	Transfers out
General fund	\$ 2,087,557	\$ 548,731
Special education fund	469,510	2,436,861
Nonmajor governmental funds	613,612	185,087
	<u>\$ 3,170,679</u>	<u>\$ 3,170,679</u>

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

For the year ended June 30, 2024, the District transferred funds to provide resources for the special education fund, the food service fund, the capital projects fund, and the general fund primarily for operating purposes and to charge grant related indirect costs.

### 8. LONG-TERM LIABILITIES

Long-term debt and other obligations of the District at June 30, 2024, are summarized as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Amount Due Within One Year
Compensated absences	<u>\$ 1,777,831</u>	<u>\$ 219,150</u>	<u>\$ (126,194)</u>	<u>\$ 1,870,787</u>	<u>\$ 187,079</u>

Compensated absences are generally liquidated by the general and special education funds.

### 9. RISK MANAGEMENT

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

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

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes to Financial Statements

### 10. PROPERTY TAXES

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

### 11. TAX ABATEMENTS

The District received reduced property tax revenues during 2024 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 \$138,564 in reduced District tax revenues for 2024.

### 12. PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS

#### *Plan Description*

The Michigan Public School Employees' Retirement System (the "System" or MPERS) 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](http://www.michigan.gov/orsschools).

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes to Financial Statements

### *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.

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.

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes to Financial Statements

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.

### 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, 2022 valuation will be amortized over a 16-year period beginning October 1, 2022 and ending September 30, 2038.

The table below summarizes pension contribution rates in effect for fiscal year 2024:

Benefit Structure	Member Rates	Employer Rates
Basic	0.00% - 4.00%	20.16% - 23.03%
Member Investment Plan (MIP)	3.00% - 7.00%	20.16% - 23.03%
Pension Plus	3.00% - 6.40%	17.24% - 19.17%
Pension Plus 2	6.20%	19.95% - 20.10%
Defined Contribution	0.00%	13.75% - 13.90%

For the year ended June 30, 2024, required and actual contributions from the District to the pension plan were \$11,753,281, which included \$5,638,335, the amount received from the State and remitted to the System to fund the MPSERS unfunded actuarial accrued liability ("UAAL") stabilization rate.

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes to Financial Statements

The table below summarizes OPEB contribution rates in effect for fiscal year 2024:

Benefit Structure	Member Rates	Employer Rates
Premium Subsidy	3.00%	8.07% - 8.31%
Personal Healthcare Fund (PHF)	0.00%	7.06% - 7.21%

For the year ended June 30, 2024, required and actual contributions from the District to the OPEB plan were \$2,301,608.

The table below summarizes defined contribution rates in effect for fiscal year 2024:

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, 2024, required and actual contributions from the District for those members with a defined contribution benefit were \$787,678.

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

At June 30, 2024, the District reported a liability of \$90,327,852 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2022. 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, 2023, the District's proportion was 0.27908%, which was an increase of 0.00202% from its proportion measured as of September 30, 2022.

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes to Financial Statements

For the year ended June 30, 2024, the District recognized pension expense of \$12,287,849. At June 30, 2024, 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	\$ 2,851,375	\$ 138,368	\$ 2,713,007
Changes in assumptions	12,239,835	7,057,211	5,182,624
Net difference between projected and actual earnings on pension plan investments	-	1,848,400	(1,848,400)
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,556,102	80,469	1,475,633
	<u>16,647,312</u>	<u>9,124,448</u>	<u>7,522,864</u>
District contributions subsequent to the measurement date	11,192,738	-	11,192,738
	<u>11,192,738</u>	<u>-</u>	<u>11,192,738</u>
<b>Total</b>	<u>\$ 27,840,050</u>	<u>\$ 9,124,448</u>	<u>\$ 18,715,602</u>

The amount reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. 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
2025	\$ 2,793,090
2026	1,849,717
2027	4,134,594
2028	<u>(1,254,537)</u>
<b>Total</b>	<u>\$ 7,522,864</u>

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes to Financial Statements

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

At June 30, 2024, the District reported an asset of \$1,595,474 for its proportionate share of the MPSERS net OPEB asset. The net OPEB asset was measured as of September 30, 2023, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 2022. 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, 2023, the District's proportion was 0.28204% which was an increase of 0.00733% from its proportion measured as of September 30, 2022.

For the year ended June 30, 2024, the District recognized OPEB benefit of \$2,499,706. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>
Differences between expected and actual experience	\$ -	\$ 12,056,221	\$ (12,056,221)
Changes in assumptions	3,551,803	427,704	3,124,099
Net difference between projected and actual earnings on OPEB plan investments	4,865	-	4,865
Changes in proportion and differences between employer contributions and proportionate share of contributions	614,578	121,524	493,054
	<u>4,171,246</u>	<u>12,605,449</u>	<u>(8,434,203)</u>
District contributions subsequent to the measurement date	2,060,427	-	2,060,427
<b>Total</b>	<u><u>\$ 6,231,673</u></u>	<u><u>\$ 12,605,449</u></u>	<u><u>\$ (6,373,776)</u></u>

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes to Financial Statements

The amount reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as an adjustment to the net OPEB asset/liability in the year ended June 30, 2025. 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
2025	\$ (2,756,009)
2026	(2,531,881)
2027	(1,030,174)
2028	(989,937)
2029	(746,773)
Thereafter	<u>(379,429)</u>
<b>Total</b>	<b><u>\$ (8,434,203)</u></b>

### 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, 2022 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: 7.50% Year 1 graded to 3.5% Year 15 Post-65: 6.25% Year 1 graded to 3.5% Year 15
Mortality	Retirees: PubT-2010 Male and Female Retiree Mortality Tables scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.  Active: PubT-2010 Male and Female Employee Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.



# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes to Financial Statements

Other OPEB assumptions:

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

Assumption changes as a result of an experience study for the period 2012 through 2017 and 2017 through 2022 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2018 and September 30, 2023 valuations, respectively. The total pension and OPEB liabilities as of September 30, 2023, are based on the results of an actuarial valuation date of September 30, 2022, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.4406 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 6.5099 years which is the average of the expected remaining service lives of all employees. The recognition period for assets is 5 years.

*Changes in assumptions.* The 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%.

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes to Financial Statements

### *Long-term Expected Return on Pension and OPEB Plan Assets*

The long-term expected rate of return on pension and OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension/OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension and OPEB plans' target asset allocation as of September 30, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	25.00%	5.43%	1.36%
Private equity pools	16.00%	8.99%	1.44%
International equity pools	15.00%	6.37%	0.95%
Fixed income pools	13.00%	1.22%	0.16%
Real estate and infrastructure pools	10.00%	5.99%	0.60%
Absolute return pools	9.00%	4.49%	0.40%
Real return/opportunistic pools	10.00%	6.83%	0.68%
Short-term investment pools	2.00%	0.28%	0.01%
	<u>100.00%</u>		5.60%
Inflation			2.70%
Risk adjustment			<u>-2.30%</u>
<b>Investment rate of return</b>			<u><u>6.00%</u></u>

### *Rate of Return*

For the fiscal year ended September 30, 2023, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 8.29% and 7.94%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes to Financial Statements

### *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.

### *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:

	<b>1% Decrease (5.00%)</b>	<b>Current Discount Rate (6.00%)</b>	<b>1% Increase (7.00%)</b>
District's proportionate share of the net pension liability	\$ 122,032,664	\$ 90,327,852	\$ 63,932,450

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

	<b>1% Decrease (5.00%)</b>	<b>Current Discount Rate (6.00%)</b>	<b>1% Increase (7.00%)</b>
District's proportionate share of the net OPEB (asset) liability	\$ 1,654,028	\$ (1,595,474)	\$ (4,388,102)

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

	<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rate</b>	<b>1% Increase</b>
District's proportionate share of the net OPEB (asset) liability	\$ (4,395,065)	\$ (1,595,474)	\$ 1,434,601

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes to Financial Statements

### *Pension and OPEB Plans Fiduciary Net Position*

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

### *Payable to the Pension Plan*

At June 30, 2024, the District reported a payable of \$1,816,586 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2024.

### *Payable to the OPEB Plan*

At June 30, 2024, the District reported a payable of \$242,478 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2024.

## 13. CONTINGENCIES

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

## 14. SUBSEQUENT EVENT

On October 15, 2024, the Board of Education approve the issuance of bond (General Obligation-Limited Tax) in the principal amount not to exceed \$5,250,000 for the purpose of remodeling, equipping and re-equipping, furnishing and refurbishing school buildings, including for energy conservation improvements. The bond shall be designated as 2024 School Building and Site Bonds or 2024 Energy Conservation Improvement Bonds.



## **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,		
	2024	2023	2022
District's proportionate share of the net pension liability	\$ 90,327,852	\$ 104,199,556	\$ 65,079,800
District's proportion of the net pension liability	0.27908%	0.27706%	0.27488%
District's covered payroll	\$ 28,528,217	\$ 26,986,300	\$ 25,251,511
District's proportionate share of the net pension liability as a percentage of its covered payroll	316.63%	386.12%	257.73%
Plan fiduciary net position as a percentage of the total pension liability	65.91%	60.77%	72.60%

See notes to required supplementary information.



Year Ended June 30,						
2021	2020	2019	2018	2017	2016	2015
\$ 92,354,861	\$ 87,552,221	\$ 78,855,692	\$ 65,962,754	\$ 60,749,883	\$ 59,663,450	\$ 51,491,103
0.26886%	0.26438%	0.26231%	0.25454%	0.24349%	0.24427%	0.23377%
\$ 24,616,734	\$ 23,223,554	\$ 22,882,333	\$ 21,839,968	\$ 20,663,408	\$ 20,586,664	\$ 20,024,985
375.17%	377.00%	344.61%	302.03%	294.00%	289.82%	257.13%
59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Required Supplementary Information

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

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

See notes to required supplementary information.





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

## MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

### Required Supplementary Information

MPSERS Cost-Sharing Multiple Employer Plan

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

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

See notes to required supplementary information.



Year Ended June 30,			
2021	2020	2019	2018

\$ 14,783,043    \$ 19,004,211    \$ 21,310,806    \$ 22,530,437

0.27594%        0.26477%        0.26810%        0.25442%

\$ 24,616,734    \$ 23,223,554    \$ 22,882,333    \$ 21,839,968

60.05%        81.83%        93.13%        103.36%

59.44%        48.46%        42.95%        36.39%

## MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

### Required Supplementary Information

MPERS Cost-Sharing Multiple Employer Plan

Schedule of the District's Other Postemployment Benefit Contributions

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

See notes to required supplementary information.



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

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## 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:

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

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## 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:

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

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## **COMBINING FUND FINANCIAL STATEMENTS**

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2024

	Special Revenue Funds				Totals
	Food Service Fund	Technology Enhancement Fund	Student/School Activity Fund	Capital Projects Fund	
<b>Assets</b>					
Cash and investments	\$ 270	\$ -	\$ 54,538	\$ 572,604	\$ 627,412
Accounts receivable	23,469	-	-	-	23,469
Taxes receivable, net	-	76,853	-	-	76,853
Inventory	2,513	-	-	-	2,513
<b>Total assets</b>	<u>\$ 26,252</u>	<u>\$ 76,853</u>	<u>\$ 54,538</u>	<u>\$ 572,604</u>	<u>\$ 730,247</u>
<b>Liabilities</b>					
Negative equity in cash and investments	\$ -	\$ 163	\$ -	\$ -	\$ 163
Accounts payable	11,971	186	201	90	12,448
Unearned revenue	1,127	-	-	-	1,127
<b>Total liabilities</b>	<u>13,098</u>	<u>349</u>	<u>201</u>	<u>90</u>	<u>13,738</u>
<b>Deferred inflows of resources</b>					
Unavailable revenue - taxes receivable	-	75,973	-	-	75,973
<b>Fund balances</b>					
Nonspendable	2,513	-	-	-	2,513
Restricted	10,641	531	-	-	11,172
Committed	-	-	54,337	572,514	626,851
<b>Total fund balances</b>	<u>13,154</u>	<u>531</u>	<u>54,337</u>	<u>572,514</u>	<u>640,536</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 26,252</u>	<u>\$ 76,853</u>	<u>\$ 54,538</u>	<u>\$ 572,604</u>	<u>\$ 730,247</u>

## MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

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

Nonmajor Governmental Funds  
For the Year Ended June 30, 2024

	Special Revenue Funds				Totals
	Food Service Fund	Technology Enhancement Fund	Student/School Activity Fund	Capital Projects Fund	
<b>Revenues</b>					
Local sources	\$ 19,554	\$ 6,829,838	\$ 43,646	\$ 9,339	\$ 6,902,377
State sources	53,950	165,876	-	-	219,826
Federal sources	93,559	-	-	-	93,559
<b>Total revenues</b>	<u>167,063</u>	<u>6,995,714</u>	<u>43,646</u>	<u>9,339</u>	<u>7,215,762</u>
<b>Expenditures</b>					
Education:					
Supporting services	-	4,546	50,882	-	55,428
Food services	214,356	-	-	-	214,356
Capital outlay	14,154	-	-	845,717	859,871
Interdistrict payments	-	6,818,836	-	-	6,818,836
<b>Total expenditures</b>	<u>228,510</u>	<u>6,823,382</u>	<u>50,882</u>	<u>845,717</u>	<u>7,948,491</u>
Revenues over (under) expenditures	<u>(61,447)</u>	<u>172,332</u>	<u>(7,236)</u>	<u>(836,378)</u>	<u>(732,729)</u>
<b>Other financing sources (uses)</b>					
Transfers in	63,612	-	-	550,000	613,612
Transfers out	-	(185,087)	-	-	(185,087)
<b>Other financing sources (uses)</b>	<u>63,612</u>	<u>(185,087)</u>	<u>-</u>	<u>550,000</u>	<u>428,525</u>
<b>Net change in fund balances</b>	<u>2,165</u>	<u>(12,755)</u>	<u>(7,236)</u>	<u>(286,378)</u>	<u>(304,204)</u>
Fund balances, beginning of year	<u>10,989</u>	<u>13,286</u>	<u>61,573</u>	<u>858,892</u>	<u>944,740</u>
<b>Fund balances, end of year</b>	<u>\$ 13,154</u>	<u>\$ 531</u>	<u>\$ 54,337</u>	<u>\$ 572,514</u>	<u>\$ 640,536</u>

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## **SINGLE AUDIT ACT COMPLIANCE**

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**INDEPENDENT AUDITORS' REPORT ON THE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY THE UNIFORM GUIDANCE**

November 1, 2024

Board of Education  
Monroe County Intermediate School District  
Monroe, Michigan

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, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated November 1, 2024, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other 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 schedule of expenditure of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Rehmann Lobson LLC*



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# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2024

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through/ Grantor Number	Approved Award/Grant Amount
<b>U.S. Department of Agriculture</b>				
Child Nutrition Cluster:				
School Breakfast Program	10.553	MDE	231970	\$ 27,525
School Breakfast Program	10.553	MDE	241970	25,280
Entitlement Commodities (non-cash)	10.555	MDE	n/a	9,184
Entitlement Commodities Bonus (non-cash)	10.555	MDE	n/a	23
National School Lunch Program	10.555	MDE	231960	51,896
National School Lunch Program	10.555	MDE	241960	41,345
Supply Chain Assistance	10.555	MDE	240910	10,812
Total Child Nutrition Cluster				
Child and Adult Care Food Program - Meals	10.558	MDE	231920	217,084
Child and Adult Care Food Program - Meals	10.558	MDE	241920	195,765
Child and Adult Care Food Program - Cash in Lieu	10.558	MDE	232010	8,390
Child and Adult Care Food Program - Cash in Lieu	10.558	MDE	242010	7,185
<b>Total U.S. Department of Agriculture</b>				
<b>U.S. Department of Labor</b>				
WIOA Cluster -				
WIOA Youth Activities:				
2022 - 2023	17.259	SEMCA	08-MCISD-0006	222,686
2023 - 2024	17.259	SEMCA	08-MCISD-0006	241,474
<b>Total U.S. Department of Labor</b>				
<b>U.S. Department of Treasury</b>				
COVID-19 - Coronavirus State and Local				
Fiscal Recovery Funds:				
2022-2023 GSRP	21.027	MDE	232390-GSRP2223	94,124
2022-2023 GSRPC	21.027	MDE	232390-GSRP2223C	132,675
<b>Total U.S. Department of Treasury</b>				

Accrued (Unearned) Revenue July 1, 2023	Current Year Cash Received	Expenditures (Memo Only) Prior Year	Expenditures Year Ended June 30, 2024	Accrued (Unearned) Revenue June 30, 2024	Total Subawards
\$ 5,642	\$ 8,324	\$ 24,843	\$ 2,682	\$ -	\$ -
-	19,744	-	25,280	5,536	-
<u>5,642</u>	<u>28,068</u>	<u>24,843</u>	<u>27,962</u>	<u>5,536</u>	<u>-</u>
-	9,184	-	9,184	-	-
-	23	-	23	-	-
10,543	14,776	47,663	4,233	-	-
-	32,539	-	41,345	8,806	-
-	10,812	-	10,812	-	-
<u>10,543</u>	<u>67,334</u>	<u>47,663</u>	<u>65,597</u>	<u>8,806</u>	<u>-</u>
<u>16,185</u>	<u>95,402</u>	<u>72,506</u>	<u>93,559</u>	<u>14,342</u>	<u>-</u>
37,617	58,660	196,041	21,043	-	-
-	160,107	-	195,765	35,658	-
1,476	2,252	7,614	776	-	-
-	5,855	-	7,185	1,330	-
<u>39,093</u>	<u>226,874</u>	<u>203,655</u>	<u>224,769</u>	<u>36,988</u>	<u>-</u>
<u>55,278</u>	<u>322,276</u>	<u>276,161</u>	<u>318,328</u>	<u>51,330</u>	<u>-</u>
34,940	34,940	222,686	-	-	-
-	207,058	-	241,474	34,416	-
<u>34,940</u>	<u>241,998</u>	<u>222,686</u>	<u>241,474</u>	<u>34,416</u>	<u>-</u>
9,783	18,822	85,085	9,039	-	-
-	38,551	-	38,551	-	-
<u>9,783</u>	<u>57,373</u>	<u>85,085</u>	<u>47,590</u>	<u>-</u>	<u>-</u>

continued...

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2024

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through/ Grantor Number	Approved Award/Grant Amount
<b>U.S. Department of Education</b>				
Title I Grants to Local Educational Agencies:				
Program for Neglected and Delinquent Children and Youth - Part D:				
2022 - 2023	84.010	MDE	231700-2223	\$ 74,047
2023 - 2024	84.010	MDE	241700-2324	81,026
Technical Assistance Grant (TAG):				
2022 - 2023	84.010	CISD	231580	33,899
2023 - 2024	84.010A	MDE	241570	166,994
Special Education Cluster (IDEA):				
2021-2022 Special Education Flowthrough	84.027	MDE	220450-21-22	5,909,415
2022-2023 Special Education Flowthrough	84.027	MDE	230450-22-23	5,953,400
2023-2024 Special Education Flowthrough	84.027	MDE	240450-23-24	6,301,949
2022-2023 Special Education General Supervision	84.027	MDE	230493-22-23	167,000
2023-2024 Special Education General Supervision	84.027	MDE	240493-23-24	183,700
COVID-19 - 2021-2022 Special Education ARP - Flowthrough	84.027X	MDE	221280-21-22	1,152,235
2022-2023 Preschool Flowthrough Special Education	84.173A	MDE	230460-22-23	194,297
2023-2024 Preschool Flowthrough Special Education	84.173A	MDE	240460-23-24	199,005
COVID-19 - 2021-2022 ARP Preschool Flowthrough	84.173X	MDE	221285-21-22	89,827
Total Special Education Cluster (IDEA)				
Career and Technical Education - Basic Grants to States:				
Perkins 2022-2023	84.048A	MDE	233520-231226	249,856
Perkins 2023-2024	84.048A	MDE	243520-241226	324,765
Special Education - Grants for Infants and Families:				
2022 - 2023	84.181	MDE	231340-22-23	190,743
2023 - 2024	84.181	MDE	241340-23-24	180,305
COVID-19 - ARP Infant and Toddler Formula Grant - EOARP	84.181X	MDE	221283-EOARP	78,633
Education for Homeless Children and Youth:				
2022 - 2023	84.196	MDE	232320-2223	40,093
2023 - 2024	84.196	MDE	242320-2324	41,682

Accrued (Unearned) Revenue July 1, 2023	Current Year Cash Received	Expenditures (Memo Only) Prior Year	Expenditures Year Ended June 30, 2024	Accrued (Unearned) Revenue June 30, 2024	Total Subawards
\$ 5,443	\$ 18,067	\$ 61,423	\$ 12,624	\$ -	\$ -
-	77,938	-	81,026	3,088	-
32,385	33,899	32,385	1,514	-	-
-	133,679	-	166,994	33,315	-
<u>37,828</u>	<u>263,583</u>	<u>93,808</u>	<u>262,158</u>	<u>36,403</u>	<u>-</u>
195,471	195,471	5,909,415	-	-	-
1,175,151	1,215,232	5,913,319	40,081	-	-
-	5,153,215	-	6,301,949	1,148,734	-
24,635	24,635	167,000	-	-	-
-	167,155	-	183,700	16,545	-
219,389	219,389	1,152,235	-	-	-
<u>1,614,646</u>	<u>6,975,097</u>	<u>13,141,969</u>	<u>6,525,730</u>	<u>1,165,279</u>	<u>-</u>
43,896	43,896	194,297	-	-	-
-	168,614	-	199,005	30,391	-
7,274	7,274	89,827	-	-	-
<u>51,170</u>	<u>219,784</u>	<u>284,124</u>	<u>199,005</u>	<u>30,391</u>	<u>-</u>
1,665,816	7,194,881	13,426,093	6,724,735	1,195,670	-
37,747	37,747	249,856	-	-	-
-	272,739	-	324,765	52,026	-
<u>37,747</u>	<u>310,486</u>	<u>249,856</u>	<u>324,765</u>	<u>52,026</u>	<u>-</u>
18,610	18,610	190,743	-	-	-
-	165,983	-	180,305	14,322	-
7,289	7,289	78,633	-	-	-
<u>25,899</u>	<u>191,882</u>	<u>269,376</u>	<u>180,305</u>	<u>14,322</u>	<u>-</u>
8,455	21,980	26,568	13,525	-	13,526
-	28,166	-	41,682	13,516	41,682
<u>8,455</u>	<u>50,146</u>	<u>26,568</u>	<u>55,207</u>	<u>13,516</u>	<u>55,208</u>

continued...

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2024

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through/ Grantor Number	Approved Award/Grant Amount
<b>U.S. Department of Education (Concluded)</b>				
English Language Acquisition State Grants - Title III, Part A -				
2023 - 2024	84.365	MPS	240580-2324	\$ 1,227
Education for Homeless Children and Youth:				
COVID-19 - American Rescue Plan - Homeless II	84.425W	MDE	211012-2122	9,749
COVID-19 - American Rescue Plan - Homeless II	84.425W	MDE	211013-2223	4,720
<b>Total U.S. Department of Education</b>				
<b>U.S. Department of Health and Human Services</b>				
Every Student Succeeds Act/Preschool Development Grants:				
PDG B-5 Education Development Center First 10 Pilot Grant (Activity #5)				
	93.434	MDE	223972	225,600
Birth to Five Literacy Support Network Hubs Grant				
	93.434	JCISD	223962	19,146
Head Start Cluster:				
Head Start:				
2022 - 2023	93.600	Direct	05CH01225501	3,187,669
2022 - 2023	93.600	Direct	05HE00023601C6	180,678
2022 - 2023	93.600	Direct	05CH010567-04-00	97,008
2023 - 2024	93.600	Direct	05CH012255-01-00	3,532,425
Early Head Start:				
2022 - 2023	93.600	Direct	05CH01225501	398,859
2023 - 2024	93.600	Direct	05CH012255-01-00	437,557
Medicaid Cluster -				
Medical Assistance Program -				
Medicaid Administrative Outreach 23-24	93.778	MDHHS	n/a	289,954
Block Grants for Prevention and Treatment of Substance Abuse:				
Prevention 2022 - 2023	93.959	CMHPSM	n/a	103,325
Prevention 2023 - 2024	93.959	CMHPSM	n/a	61,008
<b>Total U.S. Department of Health and Human Services</b>				
<b>Total Federal Financial Assistance</b>				

See notes to schedule of expenditures of federal awards.

Accrued (Unearned) Revenue July 1, 2023	Current Year Cash Received	Expenditures (Memo Only) Prior Year	Expenditures Year Ended June 30, 2024	Accrued (Unearned) Revenue June 30, 2024	Total Subawards
\$ -	\$ 1,227	\$ -	\$ 1,227	\$ -	\$ -
-	9,042	-	9,749	707	9,749
-	2,819	-	4,720	1,901	4,721
-	11,861	-	14,469	2,608	14,470
1,775,745	8,024,066	14,065,701	7,562,866	1,314,545	69,678
10,750	77,791	158,559	67,041	-	-
-	4,256	14,890	4,256	-	-
10,750	82,047	173,449	71,297	-	-
1,108,841	1,112,322	3,184,188	3,481	-	-
40,362	40,362	180,678	-	-	-
97,008	97,008	97,008	-	-	-
-	2,362,451	-	3,532,425	1,169,974	-
117,893	117,893	398,859	-	-	-
-	310,309	-	437,557	127,248	-
1,364,104	4,040,345	3,860,733	3,973,463	1,297,222	-
-	181,073	108,881	181,073	-	83,146
6,014	27,116	82,223	21,102	-	-
-	57,151	-	61,008	3,857	-
6,014	84,267	82,223	82,110	3,857	-
1,380,868	4,387,732	4,225,286	4,307,943	1,301,079	83,146
\$ 3,256,614	\$ 13,033,445	\$ 18,874,919	\$ 12,478,201	\$ 2,701,370	\$ 152,824

concluded

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Schedule of Expenditures of Federal Awards Provided to Subrecipients

For the Year Ended June 30, 2024

Federal Grantor / Pass-Through Grantor / Program Title	Assistance Listing Number	Current Year Cash Transferred to Subrecipient
<b>U.S. Department of Education</b>		
Education for Homeless Children and Youth:		
2022 - 2023	84.196	
Airport Community Schools		\$ 500
Bedford Public Schools		5,349
Jefferson Schools		1,556
Monroe Public Schools		4,787
Monroe ISD		1,334
		<u>13,526</u>
2023 - 2024	84.196	
Bedford Public Schools		17,826
Ida Public Schools		250
Jefferson Schools		3,227
Monroe Public Schools		16,200
Monroe ISD		3,070
Summerfield Schools		299
Whiteford Agricultural Schools		810
		<u>41,682</u>
Education for Homeless Children and Youth:		
2021 - 2022	84.425W	
Monroe ISD		9,338
Summerfield Schools		411
		<u>9,749</u>
2022 - 2023	84.425W	
Airport Community Schools		216
Bedford Public Schools		40
Dundee Community Schools		25
Monroe Public Schools		4,247
Monroe ISD		193
		<u>4,721</u>
<b>Total U.S. Department of Education</b>		<u>69,678</u>

continued...



# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Schedule of Expenditures of Federal Awards Provided to Subrecipients

For the Year Ended June 30, 2024

Federal Grantor / Pass-Through Grantor / Program Title	Assistance Listing Number	Current Year Cash Transferred to Subrecipient
<b>U.S. Department of Health and Human Services</b>		
Medicaid Cluster -		
Medical Assistance Program -		
Medicaid Administrative Outreach 22-23	93.778	
Airport Community Schools		\$ 13,053
Bedford Public Schools		18,811
Dundee Community Schools		7,621
Ida Public Schools		6,749
Jefferson Schools		6,774
Mason Consolidated Schools		4,204
Monroe Public Schools		19,935
Summerfield Schools		3,206
Whiteford Agricultural Schools		2,793
		<u>83,146</u>
<b>Total subawards</b>		<u><u>\$ 152,824</u></u>
		concluded

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes to Schedule of Expenditures of Federal Awards

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Monroe County Intermediate School District (the "District") under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is described in Note 1 to the District's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance or other applicable guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

Cash received is recorded on the cash basis; expenditures are recorded on the modified accrual basis of accounting. Revenues are recognized when the qualifying expenditures have been incurred and all grant requirements have been met.

The Schedule has been arranged to provide information on both actual cash received and the revenue recognized. Accordingly, the effects of accruals of accounts receivable, unearned revenue and accounts payable items at both the beginning and end of the fiscal year have been reported.

Expenditures are in agreement with amounts reported in the financial statements. The amounts reported on the Grant Auditor Report reconcile with this Schedule.

### 2. 10% DE MINIMIS COST RATE

For purposes of charging indirect costs to federal awards, the District has not elected to use the 10% de minimis cost rate as permitted by §200.414 of the Uniform Guidance.

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes to Schedule of Expenditures of Federal Awards

### 3. PASS-THROUGH AGENCIES

The District receives certain federal grant as subawards from non-federal entities. Pass-through entities, where applicable, have been identified in the Schedule with an abbreviation, defined as follows:

<b>Pass-through Agency Abbreviation</b>	<b>Pass-through Agency Name</b>
MDE	Michigan Department of Education
SEMCA	Southeast Michigan Community Alliance
CISD	Calhoun Intermediate School District
MPS	Monroe Public Schools
JCISD	Jackson County Intermediate School District
MDHHS	Michigan Department of Health and Human Services
CMHPSM	Community Mental Health Partnership of Southeast Michigan



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

November 1, 2024

Board of Education  
Monroe County Intermediate School District  
Monroe, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Monroe County Intermediate School District** (the "District"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 1, 2024.

### **Report on Internal Control Over Financial Reporting**

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

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

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



## **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Rehmann Lobson LLC*

## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

November 1, 2024

Board of Education  
Monroe County Intermediate School District  
Monroe, Michigan

### Report on Compliance for the Major Federal Program

#### *Opinion on the Major Federal Program*

We have audited the compliance of the **Monroe County Intermediate School District** (the "District") with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2024. The District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

#### *Basis for Opinion on the Major Federal Program*

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

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.



### ***Responsibilities of Management for Compliance***

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

### ***Independent Auditors' Responsibilities for the Audit of Compliance***

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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



## **Report on Internal Control Over Compliance**

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

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

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

### ***Purpose of this Report***

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

A handwritten signature in black ink that reads "Rehmann Lobson LLC". The signature is written in a cursive, flowing style.

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# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2024

### SECTION I - SUMMARY OF AUDITORS' RESULTS

#### Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?            yes   X   no

Significant deficiency(ies) identified?            yes   X   none reported

Noncompliance material to financial statements noted?            yes   X   no

#### Federal Awards

Internal control over each major program:

Material weakness(es) identified?            yes   X   no

Significant deficiency(ies) identified?            yes   X   none reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?            yes   X   no

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Type of Report</u>
84.027 & 84.173	Special Education Cluster	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs:   \$  750,000  

Auditee qualified as low-risk auditee?   X   yes            no

# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2024

### SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

### SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.



# MONROE COUNTY INTERMEDIATE SCHOOL DISTRICT

## Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2024

None reported.



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