

KENT INTERMEDIATE SCHOOL DISTRICT

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

YEAR ENDED JUNE 30, 2024



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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Kent Intermediate School District

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kent Intermediate School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Kent Intermediate School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Kent Intermediate School District, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Kent Intermediate School District's basic financial statements. The accompanying additional supplementary information, as identified in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional supplementary information, including the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2024 on our consideration of Kent Intermediate School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Kent Intermediate School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Kent Intermediate School District's internal control over financial reporting and compliance.

Manes Costeiran PC

October 23, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

To understand our financial statements, you must first know Kent Intermediate School District (Kent ISD) and its purpose.

Created by state legislation in 1962 to serve local schools and act as a liaison between them and the Michigan Department of Education, Kent ISD is one of 56 intermediate school districts across the state. It is known for its regional cooperation and the strength of its programs. Kent ISD is a shared community resource, providing an extensive network of supportive service that helps families and local schools successfully grow preschoolers into graduates and lifelong learners.

Kent ISD offers a wide range of services focused on learning. Kent ISD serves the schools and communities of its 20 traditional public-school districts, along with non-public, home schools and charter schools. That means serving approximately 280 schools, 101,000 students and over 17,000 educators and staff, with programs and services that would be too resource-intensive or costly to maintain at a district level.

Kent ISD offers programs from “cradle to career”, starting with its Early Childhood programming for young learners. Middle school and high school students utilize our Hybrid programs, and high school students take advantage of the Kent Career Technical Center (KCTC), which provides a range of opportunities from pre-vocational experiences to highly advanced, career-oriented programs. Additionally, Kent ISD also serves adult learners through its adult education programming, which includes career technical opportunities. For our special needs learners, the Kent ISD operates center based special education programming that ranges from early childhood to our Empower U transition program for students ages 18 to 26. As an educational advocate, Kent ISD helps make the needs of children and their schools known to community leaders, legislators, service agencies and media.

Our Educational Service Center (ESC) hosts over 53,000 guests each year for training and professional meetings. Through research and development of effective curriculum, professional development is provided to districts through our instructional services department, which includes the English Language Arts, Social Studies, Mathematics, Science, School Improvement, and Educational Technology. Our student services department provides professional development, support and coaching for special education instruction and mental health services within our county. Other ancillary services such as the regional educational media center (REMC8) and our truancy department provide support to educators, students and staff throughout Kent County.

Our Hybrid School (MySchool@Kent) combines online and face-to-face learning, featuring highly qualified and Michigan certified teachers. MySchool@Kent is a middle and high school program for students who need a second chance, allow for flexible scheduling so students can fit in electives, take a college course, work ahead or make up credits. Students in these programs receive a laptop and wireless card for learning anytime, anyplace and at the student's own pace. While learning takes place mostly online, students meet twice each week in “learning lab” sessions for face-to-face instruction, tutoring, and project teamwork.

Our Launch U early middle college program started in the fall of 2017. This program allows high school students four different options to either an associate degree or specialized credentials. Students can earn an associate degree or design certificate in Mechanical Design, Computer Support Specialist or an Associate of Arts degree from Grand Rapids Community College. Students begin the program in 10th grade and finish after a 13th year of schooling. The program is free to students.

Our Kent Career/Technical Center (KCTC) serves over 2,200 students in 19 career and technical programs, from over 60 public and private high schools (as well as many homeschooled students) in Kent County. KCTC provides students with quality training in career and technical programs that include technical training, academic core content integration, and credit articulation with many post-secondary education programs. KCTC also has satellite programs at Grand Valley Cook DeVos, and at Gerald R. Ford International Airport for Avionics and Aviation Maintenance.

MANAGEMENT'S DISCUSSION AND ANALYSIS

KCTC also provides a wide variety of entry-level job skills, pre-vocational exploration courses and introduction to career technical programs for over 250 students who struggle academically and learn better hands on. The extensive process in our Discovery Center helps students analyze their interests and abilities and choose the best program for them. Approximately 150 area companies serve as business partners for students to learn on the job.

Our Center Based Special Education Programs service approximately 900 students on behalf of our local districts. Early Childhood Special Education, Early On, Hearing Impaired, and 18-26-year-old transition programming are all offered along with programming for students with higher disabilities. These programs provide educational and cost efficiencies for our local districts.

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

One of the most important questions asked about Kent ISD is, "As a whole, what is the District's financial condition as a result of the year's activities?" The Statement of Net Position and the Statement of Activities, which appear first in the District's financial statements, report information on the District as a whole and its activities in a way that helps answer this question. We prepared these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are included regardless of when cash is received or paid.

The Statement of Net Position and Statement of Activities report the governmental activities for the District, which encompass all of the District's services, including instruction, supporting services, and community services. Property taxes, unrestricted state aid and state and federal grants finance most of these activities.

These two statements report the District's net position - the difference between assets and liabilities - in the Statement of Net Position, as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position - as reported in the Statement of Activities - are one indicator of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the District's operating results, whether the District had a profit or a loss at year end. However, unlike the private sector, the District's mission is to strengthen communities by providing leadership for learning, not to generate profits as commercial entities do. The District accomplishes its mission through innovative partnerships, technology, training, professional development, and research. It is Kent ISD's vision to "Lead Learning."

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

The District's fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by state law or by bond covenants. However, the District establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. All of the District's services are reported in governmental funds. The governmental funds of the District use the following accounting approach.

Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the District and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation statement.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The District as a Whole

The District's combined net position at the beginning of the fiscal year was (\$126,633,449), and on June 30, 2024 was (\$103,043,386) which represents an increase of \$23,590,063 as recorded in the Statement of Activities.

Recall that the Statement of Net Position provides the perspective of the District as a whole. Table 1 provides a summary of the District's net position as of June 30, 2024 and 2023, respectively:

Table 1
Kent Intermediate School District's Net Position (in millions)

| | 2024 | 2023 |
|--|------------|------------|
| Current and other assets | \$ 154.4 | \$ 125.0 |
| Capital assets, net of depreciation/amortization | 80.1 | 72.8 |
| Total assets | 234.5 | 197.8 |
| Deferred outflows of resources | 135.6 | 168.4 |
| Other liabilities | 84.7 | 73.6 |
| Noncurrent liabilities | 297.9 | 355.2 |
| Total liabilities | 382.6 | 428.8 |
| Deferred inflows of resources | 90.5 | 64.0 |
| Net position | | |
| Net invested in capital assets | 79.5 | 72.2 |
| Restricted | 5.3 | - |
| Unrestricted | (187.8) | (198.8) |
| Total net position | \$ (103.0) | \$ (126.6) |

The previous analysis focuses on the net position (Table 1). Net invested in capital assets in 2024 and 2023, totaling \$79.5 million and \$72.2 million respectively, is arrived at by taking the historical cost of the asset and subtracting the accumulated depreciation/amortization expense and any debt obligation arising from the assets' purchase.

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 (Table 2), which shows the changes in net position for fiscal years 2024 and 2023.

Table 2
Changes in Kent Intermediate School District's Net Position (in millions)

| | 2024 | 2023 |
|------------------------------------|---------|----------|
| Revenues | | |
| Program revenues | | |
| Charges for services | \$ 83.7 | \$ 73.8 |
| Operating grants and contributions | 98.9 | 89.5 |
| General revenues | | |
| Property taxes | 170.9 | 157.8 |
| Unrestricted aid | 93.5 | 82.2 |
| Other | 12.1 | 7.5 |
| | 459.1 | 410.8 |
| Expenses | | |
| Instruction | 65.5 | 62.5 |
| Support services | 171.2 | 166.3 |
| Community services | 3.0 | 2.8 |
| Student/school activities | 0.2 | 0.2 |
| Interdistrict transactions | 192.8 | 183.9 |
| Other | 2.8 | 2.4 |
| | 435.5 | 418.1 |
| Change in net position | \$ 23.6 | \$ (7.3) |

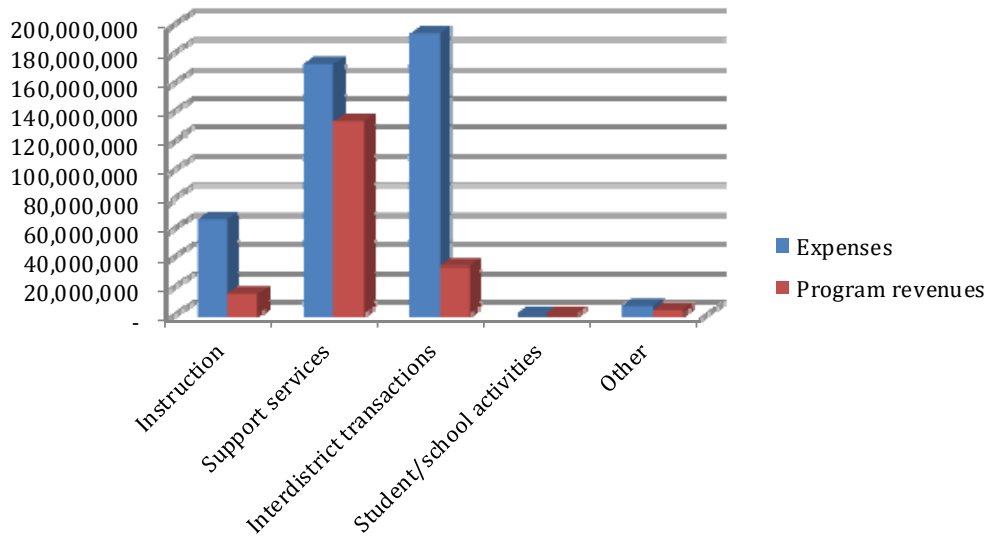
As reported in the Statement of Activities, the cost of all of our *governmental* activities this year was \$435.5 million. Certain activities were partially funded from those who benefited from the programs (\$83.7 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$98.9 million). We paid for the remaining “public benefit” portion of our governmental activities with \$170.9 million in taxes, \$93.5 million in unrestricted aid, and with our other revenues of \$12.1 million, like interest and general entitlements.

The District’s revenue increased in 2024 mainly due to the increased tax revenue and unrestricted aid. The District’s expenses increased \$17.4 million in 2024, as the District increased its interdistrict transactions and support services.

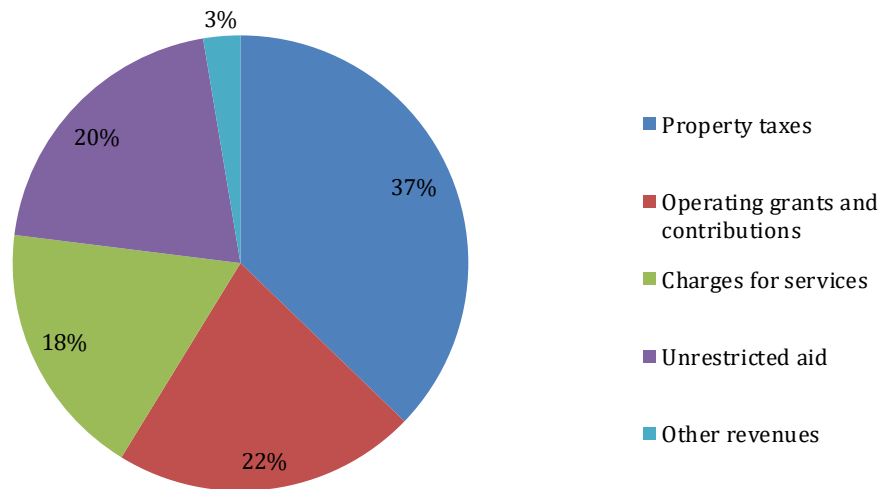
The District experienced an increase in net position of \$23.6 million for fiscal year 2024, meaning that revenues exceeded expenditures by this amount. This increase was due to the District decreasing the level of net pension and postemployment benefits liabilities (assets). The prior year net position decreased by \$7.3 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



MANAGEMENT'S DISCUSSION AND ANALYSIS

The District's Funds

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

The District's overall fund balance increased in 2024 by \$12,959,963. The change in fund balance in 2023 was a decrease of \$1,122,988.

The General Fund's fund balance is available to meet the costs related to District operating purposes. The fund balance increased by \$1,796,170, which was \$1,620,666 more than forecasted in the final budget. The ending fund balance is \$10.1 million.

The major Special Revenue Funds showed a net increase of \$8,712,234 over the prior year. The Special Education Fund increased \$3,428,448 which was \$8,809,856 higher than forecasted in the final budget, and the Career Technical Education Fund increased \$5,283,786 which was \$3,588,801 higher than forecasted in the final budget.

The combined nonmajor Special Revenue Funds had an increase in fund balance of \$430,972. The combined nonmajor Capital Project Funds fund balance increased by \$2,020,587.

Budgetary Highlights

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 the budget be amended to ensure expenditures do not exceed appropriations. The final amendment to the budget was actually adopted just before year-end. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided as RSI).

General Fund

Revisions were made to the 2023-2024 original budgets to reflect adjustments to state, federal and local sources, which increased the Original Budgeted revenue of \$59.7 million by \$15.7 million. A majority of the increase can be attributed to State and Federal funding. The Final Budgeted revenue of \$75.4 million was within \$4.8 million or 6.36% of the Actual revenue of \$70.6 million. Similarly, on the expenditure side, total Final Budget expenditures were within \$4.9 million of Actual. These variances are mainly attributable to underspending state and federal awards. Kent ISD regularly amends its budgets to reflect financial reality.

Special Education Fund

Revisions were made to the 2023-2024 original budgets to reflect adjustments to state and federal sources, which increased the Original Budgeted revenue of \$287.4 million by \$9.1 million. The Final Budgeted revenue of \$296.5 million was within \$2.2 or 0.76% of the Actual revenue of \$294.3 million. Similarly, on the expenditure side, total Final Budget expenditures were within \$2.9 million of Actual. Kent ISD regularly amends its budgets to reflect financial reality.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Career Technical Education Fund

Revisions were made to the 2023-2024 original budgets to reflect adjustments to local, state, and federal sources, which increased the Original Budgeted revenue of \$35.2 million by \$2.8 million. The Final Budgeted revenue of \$38.0 million was within \$27,000 or 0.07% of the Actual revenue of \$38.0 million. Similarly, on the expenditure side, total Final Budget expenditures were within \$970,000 of Actual. Kent ISD regularly amends its budgets to reflect financial reality.

The final revenue budget amounts are very close to the actual revenue received, meaning that management forecasts for revenue are extremely accurate. The same holds true for the budgeted expenditures vs. actual expenditures. As better information becomes available throughout the fiscal year, the budget is amended to reflect this information.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2024, the District had \$157.7 million invested in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net increase (including additions and deductions but before depreciation) of approximately \$12.2 million or 8.38% from last year.

| | <u>2024</u> | <u>2023</u> |
|---|----------------------|----------------------|
| Land | \$ 5,187,380 | \$ 5,187,380 |
| Construction in progress | 9,384,812 | 6,394,320 |
| Right to use - leased equipment | 1,181,118 | 1,181,118 |
| Right to use - subscription-based IT arrangements | 777,686 | 380,014 |
| Buildings and structures | 103,096,819 | 97,318,052 |
| Furniture and equipment | 36,653,464 | 33,941,107 |
| Vehicles | 1,433,392 | 1,099,930 |
| | <u>157,714,671</u> | <u>145,501,921</u> |
| Total capital assets | 157,714,671 | 145,501,921 |
| | <u>77,701,173</u> | <u>72,732,102</u> |
| Less accumulated depreciation | 77,701,173 | 72,732,102 |
| | <u>\$ 80,013,498</u> | <u>\$ 72,769,819</u> |
| Total capital assets, net | \$ 80,013,498 | \$ 72,769,819 |

Additions included vehicles, technology, building renovations and site improvements. No debt was issued for these additions. (See Note 3 for more detail.)

Debt

At the end of this fiscal year, the District had no bonds outstanding.

Other obligations include accrued compensated absences and direct borrowings and placements. We present more detailed information about our long-term obligations in the notes to the financial statements. (See Note 5 for more detail.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Currently Known Facts, Decisions, or Conditions

Our Board and administration consider many factors when setting the District's 2024-2025 fiscal year budget. The most important factors affecting the operating budget are the economic condition of the State and new legislation. The June 30, 2025, budget was adopted based on an estimate of property tax revenue, state aid, and grant funding. State law requires the District to amend the budget if actual resources are not sufficient to fund original appropriations.

The primary revenue source for the District is property taxes with \$170.9 million in annual collections last fiscal year. Property tax revenue drives the services provided by the District along with the money provided to local districts for key services. Property tax revenue is expected to increase to approximately \$187.8 million in 2024-25.

The District has benefited from continued strong economic conditions during the 2023-24 fiscal year. The Grand Rapids-Wyoming area unemployment rate continued to be low at 4.0% in June 2024 compared to 3.7% in June 2023. Comparatively, the state of Michigan unemployment rate was 4.1% in June 2024 compared to 3.6% in June 2023. The continued strength of the economy combined with federal stimulus funding has allowed the State of Michigan to sustain and improve significant increases in funding provided the last few years to public schools. Additionally, the federal government's three federal relief packages are providing over \$250 million in support for Kent County schools through the 2024-25 fiscal year. The combination of increased state funding and federal relief funds have generated unprecedented new funding to address learning loss, fill previously eliminated support positions and enhance student programs and services.

The taxable value for the District is expected to increase 9.07% for 2024-25. This will be the eleventh consecutive year of increase in taxable value and reflects the strong economic conditions in Kent County. The last ten years the District's taxable value has risen 51.9%. This increase has generated \$64 million in additional resources for the District and its local districts. The 9.07% increase in taxable value would raise the tax base from \$30.9 billion to \$33.7 billion, an increase of \$2.8 billion.

The District's Board must continue to consider the natural upward pressure in employee costs. The labor shortage the District and local schools are currently experiencing has resulted in significant challenges to recruit and retain staff for many positions. The recent inflationary environment within our national economy has provided challenges to ensure employees are compensated appropriately. The District has been adjusting pay rates to stay competitive, but has to balance these increases against the possibility of reduced revenue growth from a potential economic recession in the near future.

Kent Intermediate School District is committed to finding the most cost-effective ways to make efficient use of the resources entrusted to us while maximizing the programs and services we provided to our local schools. The 2024-2025 budget was adopted in June 2024.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, and customers with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, contact Kevin Philipps, Assistant Superintendent-Administrative Services, Kent Intermediate School District, 2930 Knapp NE, Grand Rapids, Michigan 49525.

BASIC FINANCIAL STATEMENTS

**KENT INTERMEDIATE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024**

| | <u>Governmental Activities</u> |
|--|---------------------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 3,812,320 |
| Investments | 98,691,490 |
| Accounts receivable | 383,384 |
| Intergovernmental receivable | 44,389,976 |
| Leases receivable | 80,260 |
| Taxes receivable | 338,397 |
| Inventories | 189,298 |
| Prepays | 1,257,241 |
| Net other postemployment benefits asset | 5,312,437 |
| Capital assets not being depreciated/amortized | 14,572,192 |
| Capital assets, net of accumulated depreciation/amortization | <u>65,441,306</u> |
| TOTAL ASSETS | <u>234,468,301</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Related to other postemployment benefits | 27,555,592 |
| Related to pension | <u>107,992,975</u> |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | <u>135,548,567</u> |
| LIABILITIES | |
| Accounts payable | 3,437,746 |
| Accrued salaries and related items | 11,591,478 |
| Retainage payable | 417,814 |
| Accrued retirement | 7,397,423 |
| Intergovernmental payable | 24,508,014 |
| Unearned revenue | 36,964,066 |
| Noncurrent liabilities | |
| Due within one year | 355,570 |
| Due in more than one year | 920,579 |
| Net pension liability | <u>296,964,329</u> |
| TOTAL LIABILITIES | <u>382,557,019</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Related to other postemployment benefits | 41,615,122 |
| Related to pension | 30,017,084 |
| Related to unavailable revenue - leases | 80,260 |
| Related to state aid funding for pension | <u>18,790,769</u> |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>90,503,235</u> |
| NET POSITION | |
| Net investment in capital assets | 79,452,598 |
| Restricted for net other postemployment benefits | 5,312,437 |
| Unrestricted | <u>(187,808,421)</u> |
| TOTAL NET POSITION | <u><u>\$ (103,043,386)</u></u> |

See notes to financial statements.

**KENT INTERMEDIATE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024**

| Functions/Programs | Expenses | Program Revenues | | Governmental Activities |
|---|-----------------------|-------------------------|--|--|
| | | Charges for Services | Operating Grants and Contributions | Net (Expense) Revenue and Changes in Net Position |
| Governmental activities | | | | |
| Instruction | \$ 65,496,653 | \$ 554,383 | \$ 13,783,874 | \$ (51,158,396) |
| Supporting services | 171,212,514 | 83,142,330 | 49,007,915 | (39,062,269) |
| Community services | 3,008,420 | - | 2,881,573 | (126,847) |
| Student/school activities | 196,072 | - | 209,190 | 13,118 |
| Interest on long-term debt | 8,075 | - | - | (8,075) |
| Interdistrict transactions | 192,828,342 | - | 33,010,097 | (159,818,245) |
| Unallocated depreciation/amortization | 2,769,075 | - | - | (2,769,075) |
| Total governmental activities | <u>\$ 435,519,151</u> | <u>\$ 83,696,713</u> | <u>\$ 98,892,649</u> | <u>(252,929,789)</u> |
| General revenues | | | | |
| Property taxes, levied for general purposes | | | | 2,687,033 |
| Property taxes, levied for special education | | | | 108,213,776 |
| Property taxes, levied for career and technical education | | | | 26,593,669 |
| Property taxes, levied for community service | | | | 27,136,365 |
| Property taxes, levied for capital projects | | | | 6,277,977 |
| Unrestricted state school aid | | | | 78,964,154 |
| Revenues not restricted to specific programs | | | | 14,562,495 |
| Payments received in lieu of taxes | | | | 5,167,176 |
| Other | | | | 476,548 |
| Investment earnings | | | | 6,440,659 |
| Total general revenues | | | | <u>276,519,852</u> |
| CHANGE IN NET POSITION | | | | 23,590,063 |
| NET POSITION, beginning of year | | | | <u>(126,633,449)</u> |
| NET POSITION, end of year | | | | <u>\$ (103,043,386)</u> |

See notes to financial statements.

**KENT INTERMEDIATE SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024**

| | Special Revenue | | | Total Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------|----------------------|----------------------------------|--|--------------------------------|
| | General Fund | Special Education | Career Technical Education | | |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 1,333,216 | \$ 167,052 | \$ 955,758 | \$ 436,475 | \$ 2,892,501 |
| Investments | 44,391,490 | 19,140,788 | 19,999,139 | 15,160,073 | 98,691,490 |
| Accounts receivable | 355,318 | 11,161 | 3,445 | 13,460 | 383,384 |
| Leases receivable | - | - | 80,260 | - | 80,260 |
| Taxes receivable | 5,445 | 215,478 | 50,208 | 67,266 | 338,397 |
| Intergovernmental receivable | 8,588,543 | 33,753,979 | 1,291,829 | 755,625 | 44,389,976 |
| Due from other funds | 11,871 | 25,660 | - | 47 | 37,578 |
| Inventories | - | - | 189,298 | - | 189,298 |
| Prepays | 124,911 | 522,627 | 527,863 | 31,808 | 1,207,209 |
| TOTAL ASSETS | \$ 54,810,794 | \$ 53,836,745 | \$ 23,097,800 | \$ 16,464,754 | \$ 148,210,093 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts payable | \$ 1,134,811 | \$ 835,652 | \$ 405,395 | \$ 1,061,888 | \$ 3,437,746 |
| Retainage payable | - | - | 935 | 416,879 | 417,814 |
| Accrued salaries and related items | 1,198,825 | 9,042,772 | 1,124,549 | 225,332 | 11,591,478 |
| Accrued retirement | 5,211,914 | 1,889,542 | 246,582 | 49,385 | 7,397,423 |
| Intergovernmental payable | 11,063,609 | 13,243,831 | 16,847 | 183,727 | 24,508,014 |
| Due to other funds | - | - | 18,847 | 1,283 | 20,130 |
| Unearned revenue | 26,129,034 | 10,821,503 | 11,029 | 2,500 | 36,964,066 |
| TOTAL LIABILITIES | 44,738,193 | 35,833,300 | 1,824,184 | 1,940,994 | 84,336,671 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue - leases | - | - | 80,260 | - | 80,260 |
| FUND BALANCES | | | | | |
| Nonspendable | | | | | |
| Inventories | - | - | 189,298 | - | 189,298 |
| Prepays | 124,911 | 522,627 | 527,863 | 31,808 | 1,207,209 |
| Restricted | | | | | |
| Special education | - | 14,480,818 | - | - | 14,480,818 |
| Career technical education | - | - | 12,976,195 | - | 12,976,195 |
| Committed | | | | | |
| Center program facility needs | - | 3,000,000 | - | 2,000,000 | 5,000,000 |
| Career Technical Education program facility needs | - | - | 1,500,000 | - | 1,500,000 |
| Other capital needs | 1,000,000 | - | 6,000,000 | 6,000,000 | 13,000,000 |
| Cooperative education | - | - | - | 3,165,351 | 3,165,351 |
| Student/school activities | - | - | - | 1,159,438 | 1,159,438 |
| Assigned | | | | | |
| Capital projects | - | - | - | 2,167,163 | 2,167,163 |
| Unassigned | 8,947,690 | - | - | - | 8,947,690 |
| TOTAL FUND BALANCES | 10,072,601 | 18,003,445 | 21,193,356 | 14,523,760 | 63,793,162 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | \$ 54,810,794 | \$ 53,836,745 | \$ 23,097,800 | \$ 16,464,754 | \$ 148,210,093 |

See notes to financial statements.

**KENT INTERMEDIATE SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2024**

Fund balances - total governmental funds \$ 63,793,162

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

An internal service fund is used by management to charge the costs of certain activities, such as compensated absences and insurance, to individual funds. The assets and liabilities of the internal service fund are included in governmental activities:

| | |
|--|--------------|
| Add - net position of governmental activities accounted for in the internal service fund | 237,154 |
| Deferred outflows of resources - related to pension | 107,992,975 |
| Deferred inflows of resources - related to pension | (30,017,084) |
| Deferred inflows of resources - related to state aid funding for pension | (18,790,769) |
| Deferred outflows of resources - related to other postemployment benefits | 27,555,592 |
| Deferred inflows of resources - related to other postemployment benefits | (41,615,122) |

Some assets are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.

| | |
|--|-----------|
| Noncurrent assets at year-end consist of: Net other postemployment benefits asset | 5,312,437 |
|--|-----------|

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

| | |
|---|------------|
| Add - capital assets not being depreciated/amortized | 14,572,192 |
| Add - capital assets being depreciated/amortized, net | 65,441,306 |

Long-term liabilities are not due and payable in the current period and are not reported in the funds:

| | |
|---------------------------------------|---------------|
| Direct borrowing and direct placement | (560,900) |
| Net pension liability | (296,964,329) |

Net position of governmental activities \$ (103,043,386)

KENT INTERMEDIATE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024

| | Special Revenue | | | Total Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------|----------------------|----------------------------------|--|--------------------------------|
| | General Fund | Special Education | Career Technical Education | | |
| REVENUES | | | | | |
| Local sources | | | | | |
| Property taxes | \$ 2,687,033 | \$ 108,213,776 | \$ 26,593,669 | \$ 33,414,342 | \$ 170,908,820 |
| Investment earnings | 1,816,473 | 2,722,667 | 1,285,631 | 615,888 | 6,440,659 |
| Student/school activities | - | - | - | 209,190 | 209,190 |
| Other | 2,601,536 | 12,485,096 | 1,152,961 | 935,922 | 17,175,515 |
| Total local sources | 7,105,042 | 123,421,539 | 29,032,261 | 35,175,342 | 194,734,184 |
| State sources | 57,106,121 | 69,190,008 | 6,768,327 | 1,173,668 | 134,238,124 |
| Federal sources | 4,267,854 | 34,056,261 | 2,005,966 | - | 40,330,081 |
| Interdistrict | 2,107,531 | 67,608,188 | 196,836 | 3,634,400 | 73,546,955 |
| TOTAL REVENUES | 70,586,548 | 294,275,996 | 38,003,390 | 39,983,410 | 442,849,344 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Instruction | 13,820,634 | 32,517,098 | 15,068,188 | 1,872,826 | 63,278,746 |
| Supporting services | 21,726,580 | 115,676,163 | 17,263,215 | 3,385,133 | 158,051,091 |
| Community services | 1,749,981 | 1,225,777 | - | - | 2,975,758 |
| Student/school activities | - | - | - | 212,728 | 212,728 |
| Interdistrict transactions | 33,414,379 | 131,570,903 | 355,064 | 27,487,996 | 192,828,342 |
| Capital outlay | 4,820 | 50,000 | 308,345 | 12,099,110 | 12,462,275 |
| Debt service | | | | | |
| Principal | 24,500 | 100,915 | 365,386 | - | 490,801 |
| Interest | - | 756 | 7,319 | - | 8,075 |
| TOTAL EXPENDITURES | 70,740,894 | 281,141,612 | 33,367,517 | 45,057,793 | 430,307,816 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (154,346) | 13,134,384 | 4,635,873 | (5,074,383) | 12,541,528 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Proceeds from the sale of capital assets | - | - | 20,763 | - | 20,763 |
| Proceeds from subscription-based IT arrangements | 129,921 | - | 267,751 | - | 397,672 |
| Transfers in | 4,177,862 | 421,230 | 3,514,242 | 8,525,024 | 16,638,358 |
| Transfers out | (2,357,267) | (10,127,166) | (3,154,843) | (999,082) | (16,638,358) |
| TOTAL OTHER FINANCING SOURCES (USES) | 1,950,516 | (9,705,936) | 647,913 | 7,525,942 | 418,435 |
| NET CHANGE IN FUND BALANCES | 1,796,170 | 3,428,448 | 5,283,786 | 2,451,559 | 12,959,963 |
| FUND BALANCES | | | | | |
| Beginning of year | 8,276,431 | 14,574,997 | 15,909,570 | 12,072,201 | 50,833,199 |
| End of year | <u>\$ 10,072,601</u> | <u>\$ 18,003,445</u> | <u>\$ 21,193,356</u> | <u>\$ 14,523,760</u> | <u>\$ 63,793,162</u> |

See notes to financial statements.

**KENT INTERMEDIATE SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024**

Net change in fund balances - total governmental funds \$ 12,959,963

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

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

| | |
|--|-------------|
| Add - capital outlay | 12,601,575 |
| Deduct - depreciation/amortization expense | (5,007,125) |
| Book value of capital assets disposed of during the year | (350,771) |

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

| | |
|--|-----------|
| Proceeds from subscription-based IT arrangements | (397,672) |
| Lease modifications | (4,976) |
| Principal payments | 490,801 |

Internal service funds are used by management to charge the costs of certain personnel costs to individual funds. The net increase in the net position of the internal service funds are reported with governmental activities.

| | |
|--|-------|
| Add - net income for the internal service fund | 2,622 |
|--|-------|

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

| | |
|---|--------------|
| Pension related items | (15,660,813) |
| Other postemployment benefits related items | 13,162,764 |

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

| | |
|--|---------------------|
| State aid funding for pension, beginning of year | 24,584,464 |
| State aid funding for pension, end of year | <u>(18,790,769)</u> |

Change in net position \$ 23,590,063

**KENT INTERMEDIATE SCHOOL DISTRICT
STATEMENT OF NET POSITION
INTERNAL SERVICE FUND
JUNE 30, 2024**

| | <u>Internal Service Fund</u> |
|--|--------------------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 919,819 |
| Due from other funds | 20,130 |
| Prepays | <u>50,032</u> |
| TOTAL ASSETS | <u>989,981</u> |
| LIABILITIES | |
| Due to other funds | 37,578 |
| Compensated absences payable within one year | 105,585 |
| Compensated absences, net of current portion | <u>609,664</u> |
| TOTAL LIABILITIES | <u>752,827</u> |
| NET POSITION | |
| Unrestricted | <u><u>\$ 237,154</u></u> |

**KENT INTERMEDIATE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2024**

| | <u>Internal Service Fund</u> |
|--------------------------|--------------------------------------|
| OPERATING REVENUES | |
| Charges for services | <u>\$ 10,047,740</u> |
| OPERATING EXPENSES | |
| Personnel services | 10,037,581 |
| Other services | <u>7,537</u> |
| TOTAL OPERATING EXPENSES | <u>10,045,118</u> |
| CHANGE IN NET POSITION | 2,622 |
| NET POSITION | |
| Beginning of year | <u>234,532</u> |
| End of year | <u><u>\$ 237,154</u></u> |

**KENT INTERMEDIATE SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2024**

| | <u>Internal Service Fund</u> |
|---|--------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Receipts from interfund services provided | \$ 10,216,691 |
| Payments to employees | (10,199,583) |
| Payments to vendors | <u>(7,537)</u> |
| | |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 9,571 |
| | |
| CASH AND CASH EQUIVALENTS | |
| Beginning of year | <u>910,248</u> |
| | |
| End of year | <u><u>\$ 919,819</u></u> |
| | |
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Operating income | \$ 2,622 |
| Adjustments to reconcile operating income to net cash provided by operating activities | |
| Changes in operating assets and liabilities which provided cash | |
| Prepaid items | (12,400) |
| Due from other funds | 131,373 |
| Due to other funds | 37,578 |
| Compensated absences | <u>(149,602)</u> |
| | |
| Net cash provided by operating activities | <u><u>\$ 9,571</u></u> |

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the District. *Governmental activities* normally are supported by taxes and intergovernmental revenues.

Basis of Presentation - Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds and the proprietary internal service fund.

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

Basis of Presentation - Fund Financial Statements

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

The District reports the following *Major Governmental Funds*:

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

The *Special Education Fund* accounts for revenue sources that are legally restricted to expenditures for special education.

The *Career Technical Education Fund* accounts for revenue sources that are legally restricted to expenditures for career services and technical education.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements (continued)

The District reports the following *Other Nonmajor Funds*:

The *Special Revenue Funds* account for revenue sources that are to be used for cooperative education, community service purposes, and student/school activities.

The *Capital Projects Funds* account for the receipt of tax and debt proceeds and transfers from other funds, and the acquisition of capital assets or construction of major capital projects.

The *Internal Service Fund* accounts for earned, but unused, sick, vacation, and termination benefits that the ISD may be liable for upon employee retirement or termination. This fund also accounts for employee health insurance benefits.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Measurement Focus and Basis of Accounting

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

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

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Information

Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue funds. The capital projects funds are appropriated on a project-length basis. Other funds do not have appropriated budgets.

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

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

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

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

Cash and Cash Equivalents

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Investments

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

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

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

Inventories and Prepaids

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

Inventories of the vocational education fund are comprised principally of land held for resale and a house held for resale.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Capital Assets

Capital assets, which include property, plant, equipment, and transportation vehicles, are reported in the government-wide financial statements. The District capitalizes all personal property with an individual cost of \$10,000 or more and an estimated useful life in excess of two years. Building construction, building purchases and improvements, that extend the estimated useful life of sites or buildings and the cost exceeds the current base established by Public Act 159 of 1990 are capitalized. Improvements that do not extend the estimated useful life of a site or building are capitalized if the cost is \$50,000 or greater. Group purchases are evaluated on a case-by-case basis. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

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

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

| Capital Asset Classes | Lives |
|---|---------|
| Buildings and structures | 20 - 50 |
| Right to use - leased equipment and buildings | 5 - 15 |
| Right to use - subscription-based IT | 3 - 5 |
| Furniture and equipment | 5 - 15 |
| Vehicles | 5 - 10 |

Defined Benefit Plans

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

Deferred Outflows

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net 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 has two items that qualify for reporting in this category. They are the pension and other postemployment benefit related items reported in the government-wide statement of net position. A deferred outflow is recognized for pension and other postemployment benefit related items. These amounts are expensed in the plan year in which they apply.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Deferred Inflows

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category. The first is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension contributions subsequent to the measurement period. The second and third items are future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension and other postemployment benefit liability and the actual results. The amounts are amortized over a period determined by the actuary. The District also reports unavailable revenues from one source: leases. These amounts are long-term leases entered into by the District in which the District is the lessor. These amounts are recognized as revenue over the term of the lease agreements.

Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

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

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

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Leases and Subscription-based IT Arrangements (SBITA)

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

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

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

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

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

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

Lessor: The District is a lessor for a noncancelable lease of a building. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payment received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgements include how the District determines (1) the discount rate is used to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Leases and Subscription-based IT Arrangements (SBITA) (continued)

The District monitors changes in circumstances that would require a remeasurement of this lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Revenues and Expenditures/Expenses

Program Revenues

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

Property Taxes

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

For the year ended June 30, 2024, the District levied the following amounts per \$1,000 of assessed valuation:

| Fund | Mills Levied | T.E.V. (Billions) |
|----------------------------|--------------|-------------------|
| General fund | | |
| General education | 0.0856 | 29.4 |
| Special revenue funds | | |
| Special education | 3.4474 | 29.4 |
| Community service | 0.8645 | 29.4 |
| Career technical education | 0.8472 | 29.4 |
| Capital projects fund | | |
| Special education | 0.1000 | 29.4 |
| Career technical education | 0.1000 | 29.4 |

The District has allocated 0.1000 mill from the special education fund to the special education capital projects fund. The District has also allocated 0.1000 mill from the career technical education fund to the career technical education capital projects fund.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses (continued)

Compensated Absences

The District's policies permit employees to accumulate earned but unpaid vacation, sick pay, and termination benefits. All employee benefits are accrued when earned in the internal service fund.

Long-term Obligations

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

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

Internal Service Fund Operating and Nonoperating Revenues and Expenses

Internal service fund distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service fund are charges for benefits and services. Operating expenses for the internal service fund include the cost of benefits and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 2 - DEPOSITS AND INVESTMENTS

As of June 30, 2024, the District had the deposits and investments subject to the following risk.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2024, \$3,868,474 of the District's bank balance of \$4,368,474 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name. The carrying amount of all deposits is \$3,812,320.

Custodial of Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

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

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Custodial of Credit Risk – Investments (continued)

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

Interest Rate Risk

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

| Investment Type | Fair Value | Weighted Average Maturity (Years) |
|---------------------------------------|---------------|---|
| MILAF External Investment Pool - CMC | \$ 633,286 | N/A |
| U.S. Treasury Notes | 27,797,780 | 1.3048 |
| MILAF External Investment Pool - Max | 42,100,424 | N/A |
| MILAF External Investment Pool - Term | 28,160,000 | 0.3326 |
| Total fair value | \$ 98,691,490 | |
| Portfolio weighted average maturity | | 0.8156 |

One day maturity equals approximately 0.0027 years.

Concentration of Credit Risk

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

| Investment Type | Fair Value | Rating | Rating Agency |
|---------------------------------------|---------------|--------|-------------------|
| MILAF External Investment Pool - CMC | \$ 633,286 | AAAm | Standard & Poor's |
| U.S. Treasury Notes | 27,797,780 | AAAm | Standard & Poor's |
| MILAF External Investment Pool - Max | 42,100,424 | AAAm | Standard & Poor's |
| MILAF External Investment Pool - Term | 28,160,000 | AAAkf | Kroll |
| Total fair value | \$ 98,691,490 | | |

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

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Foreign Currency Risk

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

Fair Value Measurement

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

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.
- Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

| | Level 1 | Level 2 | Level 3 | Balance at June 30, 2024 |
|---------------------------------|---------------|---------|---------|-----------------------------|
| Investments by fair value level | | | | |
| U.S. Treasury Notes | \$ 27,797,780 | \$ - | \$ - | \$ 27,797,780 |

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

The District does not have any investments subject to the fair value measurement.

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

| | Amortized Cost |
|--------------------------------------|----------------|
| MILAF External Investment Pool - CMC | \$ 633,286 |
| MILAF External Investment Pool - Max | 42,100,424 |
| | \$ 42,733,710 |

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

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Investments in Entities that Calculate Net Asset Value per Share

The District holds shares or interests in the Michigan Liquid Asset Fund (MILAF) Term Series, where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

The MILAF Term Series includes investments that the District does not control. The investment pool invests primarily in high-quality money market instruments, including certificates of deposit, commercial paper, and U.S. government and agency obligations, to protect the investment principal and provide liquidity.

At the year ended June 30, 2024, the fair value, unfunded commitments, and the redemption rules of those investments are as follows:

| | <u>Fair Value</u> | <u>Unfunded Commitments</u> | <u>Redemption Frequency, if Eligible</u> | <u>Redemption Notice Period</u> |
|---------------------------------------|----------------------|---------------------------------|--|-------------------------------------|
| MILAF External Investment Pool - Term | <u>\$ 28,160,000</u> | <u>\$ -</u> | No restrictions | None |

The cash and cash equivalents and investments referred to above have been reported in either the cash and cash equivalents or investments captions on the financial statements, based upon criteria disclosed in Note 1.

The following summarizes the categorization of these amounts as of June 30, 2024:

| | <u>Primary Government</u> | <u>Internal Service Fund</u> | <u>Total</u> |
|---------------------------|-------------------------------|----------------------------------|-----------------------|
| Cash and cash equivalents | \$ 2,892,501 | \$ 919,819 | \$ 3,812,320 |
| Investments | <u>98,691,490</u> | <u>-</u> | <u>98,691,490</u> |
| | <u>\$ 101,583,991</u> | <u>\$ 919,819</u> | <u>\$ 102,503,810</u> |

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

NOTE 3 - CAPITAL ASSETS

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

| | Balance July 1, 2023 | Additions/ Reclassifications | Deletions/ Reclassifications | Balance June 30, 2024 |
|--|-------------------------|---------------------------------|---------------------------------|--------------------------|
| Capital assets not being depreciated | | | | |
| Land | \$ 5,187,380 | \$ - | \$ - | \$ 5,187,380 |
| Construction in progress | 6,394,320 | 9,384,810 | 6,394,318 | 9,384,812 |
| Total capital assets not being depreciated | 11,581,700 | 9,384,810 | 6,394,318 | 14,572,192 |
| Capital assets being depreciated/amortized | | | | |
| Buildings and structures | 97,318,052 | 5,871,315 | 92,548 | 103,096,819 |
| Right to use - leased equipment | 1,181,118 | - | - | 1,181,118 |
| Right to use - subscription-based IT | 380,014 | 397,672 | - | 777,686 |
| Furniture and equipment | 33,941,107 | 2,989,719 | 277,362 | 36,653,464 |
| Vehicles | 1,099,930 | 352,377 | 18,915 | 1,433,392 |
| Total capital assets being depreciated/amortized | 133,920,221 | 9,611,083 | 388,825 | 143,142,479 |
| Accumulated depreciation/amortization | | | | |
| Buildings and structures | 46,566,418 | 2,564,279 | - | 49,130,697 |
| Right to use - leased equipment | 677,385 | 388,882 | - | 1,066,267 |
| Right to use - subscription-based IT | 189,332 | 260,888 | - | 450,220 |
| Furniture and equipment | 24,562,187 | 1,634,879 | 19,138 | 26,177,928 |
| Vehicles | 736,780 | 158,197 | 18,916 | 876,061 |
| Total accumulated depreciation/amortization | 72,732,102 | 5,007,125 | 38,054 | 77,701,173 |
| Total capital assets being depreciated/amortized, net | 61,188,119 | 4,603,958 | 350,771 | 65,441,306 |
| Total capital assets, net | \$ 72,769,819 | \$ 13,988,768 | \$ 6,745,089 | \$ 80,013,498 |

Depreciation/amortization expense for the fiscal year ended June 30, 2024 amounted to \$5,007,125. Depreciation/amortization expense was charged to programs of the District as follows:

| | |
|---------------------------------------|---------------------|
| Instruction | \$ 1,403,225 |
| Supporting services | 834,825 |
| Unallocated depreciation/amortization | 2,769,075 |
| | <u>\$ 5,007,125</u> |

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

NOTE 4 - INTERGOVERNMENTAL RECEIVABLE

Due from other governmental units at June 30, 2024 consist of the following:

| | |
|-----------------|-----------------------------|
| Local districts | \$ 13,800,008 |
| State aid | 22,906,564 |
| Federal revenue | 7,669,189 |
| Other | <u>14,215</u> |
| | <u><u>\$ 44,389,976</u></u> |

Because of the District's favorable collection experience, no allowance for doubtful accounts has been recorded.

NOTE 5 - LONG-TERM OBLIGATIONS

The following is a summary of governmental long-term obligations for the District for the year ended June 30, 2024:

| | Notes from Direct Borrowings and Direct Placements | Compensated Absences | Total |
|---------------------------|--|-----------------------------|-----------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| Balance, July 1, 2023 | \$ 649,053 | \$ 864,851 | \$ 1,513,904 |
| Additions | 414,506 | - | 414,506 |
| Deletions | <u>(502,659)</u> | <u>(149,602)</u> | <u>(652,261)</u> |
| Balance, June 30, 2024 | 560,900 | 715,249 | 1,276,149 |
| Due within one year | <u>(249,985)</u> | <u>(105,585)</u> | <u>(355,570)</u> |
| Due in more than one year | <u><u>\$ 310,915</u></u> | <u><u>\$ 609,664</u></u> | <u><u>\$ 920,579</u></u> |

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

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

Long-term obligations at June 30, 2024 are comprised of the following issues:

Direct Borrowing and Direct Placement

| | |
|--|------------|
| Printer fleet lease due in monthly installments of \$8,931 through December 25, 2026, with an implied interest rate of 2.0%. | \$ 261,143 |
|--|------------|

| | |
|---|--------|
| SBITA - During the 2023 fiscal year, the District entered into various SBITA agreements. An initial liability was recorded in the amount of \$264,973 during the 2023 fiscal year. Due in annual installments between \$20,000 and \$68,589 through July 2024 with an implied interest rate of 2.0% | 19,608 |
|---|--------|

| | |
|---|-------|
| SBITA - During the 2023 fiscal year, the District entered into a SBITA agreement. An initial liability was recorded in the amount of \$48,710 during the 2023 fiscal year. Due in monthly installments of \$1,782 through October 2024 with an implied interest rate of 2.0%. | 7,098 |
|---|-------|

| | |
|---|----------------|
| SBITA - During the 2024 fiscal year, the District entered into various SBITA agreements. An initial liability was recorded in the amount of \$397,672 during the current fiscal year. Due in annual installments between \$24,500 and \$72,281 through May 2028 with an implied interest rate of 2.0% | <u>273,051</u> |
|---|----------------|

| | |
|---|---------|
| Total direct borrowing and direct placement | 560,900 |
|---|---------|

| | |
|----------------------|----------------|
| Compensated absences | <u>715,249</u> |
|----------------------|----------------|

| | |
|-------------------------------------|----------------------------|
| Total general long-term obligations | <u><u>\$ 1,276,149</u></u> |
|-------------------------------------|----------------------------|

The District's outstanding notes from direct borrowings and direct placements related to governmental activities of \$560,900 contains provisions that in an event of default, either by (1) unable to make principal or interest payments (2) false or misrepresentation is made to the lender (3) become insolvent or make an assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

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

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

The annual requirements to amortize long-term obligations outstanding, including interest of \$17,449, exclusive of compensated absences payments as of June 30, 2024, are as follows:

| Year Ending June 30, | Direct Borrowing and Direct Placement | | Compensated Absences | Total |
|-------------------------|--|------------------|-------------------------|---------------------|
| | Principal | Interest | | |
| 2025 | \$ 249,984 | \$ 10,166 | \$ - | \$ 260,150 |
| 2026 | 201,209 | 5,259 | - | 206,468 |
| 2027 | 80,511 | 1,440 | - | 81,951 |
| 2028 | 29,196 | 584 | - | 29,780 |
| | 560,900 | 17,449 | - | 578,349 |
| Compensated absences | - | - | 715,249 | 715,249 |
| | <u>\$ 560,900</u> | <u>\$ 17,449</u> | <u>\$ 715,249</u> | <u>\$ 1,293,598</u> |

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

Interfund payable and receivable balances at June 30, 2024 are as follows:

| Receivable Fund | Amount | Payable Fund | Amount |
|-----------------------|------------------|----------------------------|------------------|
| General fund | \$ 11,871 | Career technical education | \$ 18,847 |
| Special education | 25,660 | Cooperative education | 1,283 |
| Cooperative education | 47 | Internal service fund | 37,578 |
| Internal service fund | 20,130 | | |
| | <u>\$ 57,708</u> | | <u>\$ 57,708</u> |

The outstanding balances between funds results mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All amounts are expected to be repaid within the year.

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

NOTE 7 - TRANSFERS

Operating transfers between funds during the year ended June 30, 2024 were as follows:

| Transfer In Fund | Transfer Out Fund | Amount |
|--------------------------------------|---|----------------------|
| General fund | Special education | \$ 1,433,019 |
| General fund | Career technical education | 2,744,843 |
| Special education | General fund | 185,132 |
| Special education | Community service | 236,098 |
| Career technical education | General fund | 702,031 |
| Career technical education | Special education | 2,584,147 |
| Career technical education | Cooperative education | 228,064 |
| Cooperative education | General fund | 376,500 |
| Cooperative education | Special education | 110,000 |
| Cooperative education | Career technical education | 410,000 |
| Capital projects - general education | General fund | 1,093,604 |
| Capital projects - general education | Special education | 500,000 |
| Capital projects - general education | Capital projects - special education | 344,551 |
| Capital projects - general education | Capital projects - career technical education | 143,524 |
| Capital projects - special education | Special education | 5,500,000 |
| Capital projects - special education | Capital projects - general education | 46,845 |
| | | <u>\$ 16,638,358</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 revenues collected in the funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

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

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

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

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Benefits Provided - Overall

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

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

Benefits Provided - Pension

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Retirement benefits for DB plan members are determined by final average compensation and years of service. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

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

Pension Reform 2010

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

Pension Reform 2012

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

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

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

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2012 (continued)

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

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

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

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

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

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

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

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

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

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

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform of 2017

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

Benefits Provided - Other Postemployment Benefit (OPEB)

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

Retiree Healthcare Reform of 2012

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

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

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

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Regular Retirement (no reduction factor for age)

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

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

Member Contributions

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

Employer Contributions

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

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

Pension and OPEB contributions made in the fiscal year ending September 30, 2023, were determined as of the September 30, 2020, actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2020, are amortized over a 16-year period beginning October 1, 2022 and ending September 30, 2038.

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

| | Pension | Other Postemployment Benefit |
|--------------------------------------|-----------------|------------------------------------|
| October 1, 2023 - September 30, 2024 | 13.90% - 23.03% | 7.06% - 8.31% |
| October 1, 2022 - September 30, 2023 | 13.75% - 20.16% | 7.21% - 8.07% |

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

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Employer Contributions (continued)

The District's pension contributions for the year ended June 30, 2024 were equal to the required contribution total. Total pension contributions were approximately \$40,527,000. Of the total pension contributions approximately \$38,644,000 was contributed to fund the Defined Benefit Plan and approximately \$1,883,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2024 were equal to the required contribution total. Total OPEB contributions were approximately \$9,235,000. Of the total OPEB contributions approximately \$8,179,000 was contributed to fund the Defined Benefit Plan and approximately \$1,056,000 was contributed to fund the Defined Contribution Plan.

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

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

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

| <u><i>MPSERS (Plan) Non-university Employers</i></u> | <u>September 30, 2023</u> | <u>September 30, 2022</u> |
|--|---------------------------|---------------------------|
| Total pension liability | \$ 94,947,828,557 | \$ 95,876,795,620 |
| Plan fiduciary net position | \$ 62,581,762,238 | \$ 58,268,076,344 |
| Net pension liability | \$ 32,366,066,319 | \$ 37,608,719,276 |
| Proportionate share | 0.91752% | 0.89143% |
| Net pension liability for the District | \$ 296,964,329 | \$ 335,255,154 |

For the year ended June 30, 2024, the District recognized pension expense of \$54,304,941.

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

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

At June 30, 2024, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Changes of assumptions | \$ 40,240,018 | \$ (23,201,480) |
| Net difference between projected and actual plan investment earnings | - | (6,076,851) |
| Differences between expected and actual experience | 9,374,258 | (454,902) |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 22,306,940 | (283,851) |
| Reporting Unit's contributions subsequent to the measurement date | 36,071,759 | - |
| | \$ 107,992,975 | \$ (30,017,084) |

\$36,071,759, reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

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

| Year Ending September 30, | Amount |
|------------------------------|---------------|
| 2024 | \$ 19,394,643 |
| 2025 | 10,630,418 |
| 2026 | 15,416,595 |
| 2027 | (3,537,524) |

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

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

The net OPEB liability (asset) was measured as of September 30, 2023, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation date of September 30, 2022 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net OPEB liability (asset) was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined.

| <u>MPERS (Plan) Non-university Employers</u> | <u>September 30, 2023</u> | <u>September 30, 2022</u> |
|---|---------------------------|---------------------------|
| Total other postemployment benefits liability | \$ 11,223,648,949 | \$ 12,522,713,324 |
| Plan fiduciary net position | \$ 11,789,347,341 | \$ 10,404,650,683 |
| Net other postemployment benefits liability (asset) | \$ (565,698,392) | \$ 2,118,062,641 |
| Proportionate share | 0.93909% | 0.89439% |
| Net other postemployment benefits liability (asset) for the District | \$ (5,312,437) | \$ 18,943,753 |

For the year ended June 30, 2024, the District recognized OPEB benefit of \$4,983,778.

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

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Changes of assumptions | \$ 11,826,413 | \$ (1,424,124) |
| Net difference between projected and actual plan investment earnings | 16,198 | - |
| Differences between expected and actual experience | - | (40,143,506) |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 8,535,268 | (47,492) |
| Reporting Unit's contributions subsequent to the measurement date | <u>7,177,713</u> | <u>-</u> |
| | <u>\$ 27,555,592</u> | <u>\$ (41,615,122)</u> |

\$7,177,713, reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability (asset) in the subsequent fiscal year.

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

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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 Ending September 30, | Amount |
|------------------------------|----------------|
| 2024 | \$ (6,078,404) |
| 2025 | (5,896,772) |
| 2026 | (2,831,028) |
| 2027 | (2,932,088) |
| 2028 | (2,305,818) |
| 2029 | (1,193,133) |

Actuarial Assumptions

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

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

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

Inflation - 3.0%.

Mortality Assumptions -

Retirees: 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 MP-202 adjusted for mortality improvements using projection scale from 2010.

Disabled Retirees: PubNS-2010 Male and Female Disabled Retiree Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Experience Study - The annual actuarial valuation report of the System used for these statements is dated September 30, 2022. Assumption changes as a result of an experience study for the periods 2017 through 2022 have been adopted by the System for use in the determination of the total pension and OPEB liability beginning with the September 30, 2023, valuation.

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

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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

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

Healthcare Cost Trend Rate for Other Postemployment Benefit - Pre 65, 7.50% for year one and graded to 3.5% in year fifteen. Post 65, 6.25% for year one and graded to 3.5% in year fifteen.

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

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

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

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

The target asset allocation at September 30, 2023 and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| <u>Investment Category</u> | <u>Target Allocation</u> | <u>Long-term Expected Real Rate of Return*</u> |
|--------------------------------------|--------------------------|--|
| Domestic Equity Pools | 25.0% | 5.8% |
| International Equity Pools | 15.0% | 6.8% |
| Private Equity Pools | 16.0% | 9.6% |
| Real Estate and Infrastructure Pools | 10.0% | 6.4% |
| Fixed Income Pools | 13.0% | 1.3% |
| Absolute Return Pools | 9.0% | 4.8% |
| Real Return/Oppportunistic Pools | 10.0% | 7.3% |
| Short Term Investment Pools | 2.0% | 0.3% |
| | <u>100.0%</u> | |

* Long-term rates of return are net of administrative expenses and 2.7% inflation.

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

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

Rate of Return - For 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.

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

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

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

| | Pension | | |
|---|----------------|----------------|----------------|
| | 1% Decrease | Discount Rate | 1% Increase |
| Reporting Unit's proportionate share of the net pension liability | \$ 401,197,938 | \$ 296,964,329 | \$ 210,186,080 |

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

| | Other Postemployment Benefits | | |
|---|-------------------------------|----------------|-----------------|
| | 1% Decrease | Discount Rate | 1% Increase |
| Reporting Unit's proportionate share of the other postemployment benefits liability (asset) | \$ 5,507,404 | \$ (5,312,437) | \$ (14,611,028) |

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

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

| | Other Postemployment Benefits | | |
|---|-------------------------------|--------------------------------|--------------|
| | Current | | |
| | 1% Decrease | Healthcare Cost Trend Rates | 1% Increase |
| Reporting Unit's proportionate share of the other postemployment benefits liability (asset) | \$ (14,634,213) | \$ (5,312,437) | \$ 4,776,779 |

Pension and OPEB Plan Fiduciary Net Position

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

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

NOTE 9 - CONTINGENT LIABILITIES

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

NOTE 10 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The District is a member of the West Michigan Health Insurance Pool (non-profit corporation), a self-insurance fund which provides members with health insurance benefits. The pool is considered a public entity risk pool. The pool was created on July 1, 2005, and organized under Public Act 138 of 1982, as amended, as a governmental group self-insurance pool. The District began participation in this pool on September 1, 2005. There were no significant reductions in coverage and settlements did not exceed insurance coverage during the fiscal year ended June 30, 2024.

The pool does not maintain separate funds for members and consequently the District's share of the total assets and equity is unknown. Audited financial statements of the fund are available.

The District continues to carry commercial insurance for other risks of loss, including property, liability, and employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2024 or any of the prior three years.

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

NOTE 11 - TAX ABATEMENTS

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

The District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions, Brownfield Redevelopment Agreements, and Payments in Lieu of Taxes (PILOT) granted by cities, villages, and townships. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities; Brownfield Redevelopment Agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties; PILOT programs apply to multiple unit housing for citizens of low income and the elderly. The property taxes abated for all funds by municipality under these programs are as follows.

| Municipality | Taxes Abated |
|----------------------------------|--------------|
| Ada Township | \$ 183,872 |
| Cascade Township | 85,566 |
| City of Grand Rapids | 3,504,672 |
| Charter Township of Grand Rapids | 126,763 |
| City of Wyoming | 219,868 |
| City of Kentwood | 2,183,660 |
| City of Walker | 135,943 |
| Gaines Township | 333,166 |
| Other municipalities | 254,364 |
| | \$ 7,027,874 |

The District is considered to be an “in-formula” district. The property tax revenue that is abated for the vocational education millage is considered when the State of Michigan determines the District’s funding under Section 62 of the State School Aid Act.

There are no abatements made by the District.

NOTE 12 - UPCOMING ACCOUNTING PRONOUNCEMENTS

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

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

NOTE 12 - UPCOMING ACCOUNTING PRONOUNCEMENTS (continued)

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of circumstances disclosed and the government's vulnerability to the risk of substantial impact. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement establishes new accounting and financial reporting requirements - or modifies existing requirements - related to the following:

- a. Management's discussion and analysis (MD&A);
 - i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
 - 1) Overview of the Financial Statements,
 - 2) Financial Summary,
 - 3) Detailed Analyses,
 - 4) Significant Capital Asset and Long-Term Financing Activity,
 - 5) Currently Known Facts, Decisions, or Conditions;
 - ii. Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;
 - iii. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;
- b. Unusual or infrequent items;
- c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
 - i. Requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and clarifies the definition of operating and nonoperating revenues and expenses;
 - ii. Requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses and defines subsidies;
- d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements of should be presented after the fund financial statements;
- e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

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

NOTE 13 - LEASE RECEIVABLE

During the current fiscal year, the District leased building space to a third party. The lease which began in fiscal year 2018 was amended in fiscal year 2024, the amendment called for an additional two years and the District will receive monthly payments of approximately \$6,761. The District recognized \$76,701 in lease revenue and \$2,175 in interest revenue during the current fiscal year related to this lease. As of June 30, 2024, the District's receivable for lease payments was \$80,260. Also, the District has deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2024, the balance of the deferred inflow of resources was \$80,260.

REQUIRED SUPPLEMENTARY INFORMATION

**KENT INTERMEDIATE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2024**

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|--|--------------------|-------------------|-------------------|-------------------------------|
| REVENUES | | | | |
| Local sources | \$ 4,791,007 | \$ 6,846,205 | \$ 7,105,042 | \$ 258,837 |
| State sources | 47,806,974 | 60,777,582 | 57,106,121 | (3,671,461) |
| Federal sources | 4,819,870 | 5,617,175 | 4,267,854 | (1,349,321) |
| Interdistrict | 2,281,607 | 2,140,291 | 2,107,531 | (32,760) |
| TOTAL REVENUES | 59,699,458 | 75,381,253 | 70,586,548 | (4,794,705) |
| EXPENDITURES | | | | |
| Current | | | | |
| Instruction | | | | |
| Basic programs | 12,499,866 | 13,823,461 | 12,741,156 | 1,082,305 |
| Student instruction and added needs | 39,732 | 65,067 | 29,349 | 35,718 |
| Adult and continuing education | 1,165,696 | 1,373,655 | 1,050,129 | 323,526 |
| Total instruction | 13,705,294 | 15,262,183 | 13,820,634 | 1,441,549 |
| Supporting services | | | | |
| Pupil services | 4,090,860 | 4,544,089 | 4,118,079 | 426,010 |
| Instructional staff | 8,337,889 | 10,146,463 | 8,879,204 | 1,267,259 |
| General administration | 945,987 | 836,454 | 834,096 | 2,358 |
| School administration | 1,000 | 1,000 | 500 | 500 |
| Business services | 684,920 | 828,458 | 733,002 | 95,456 |
| Operation and maintenance | 1,608,045 | 2,155,872 | 2,058,298 | 97,574 |
| Transportation services | 343,289 | 448,546 | 404,204 | 44,342 |
| Central services | 4,444,368 | 5,032,058 | 4,699,197 | 332,861 |
| Total supporting services | 20,456,358 | 23,992,940 | 21,726,580 | 2,266,360 |
| Community service | 1,625,387 | 2,383,850 | 1,749,981 | 633,869 |
| Interdistrict transactions | 25,412,336 | 34,028,835 | 33,414,379 | 614,456 |
| Capital outlay | - | 15,000 | 4,820 | 10,180 |
| Debt service | - | 24,500 | 24,500 | - |
| TOTAL EXPENDITURES | 61,199,375 | 75,707,308 | 70,740,894 | 4,966,414 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (1,499,917) | (326,055) | (154,346) | 171,709 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from the sale of capital assets | 100 | - | - | - |
| Proceeds from subscription-based IT arrangements | - | 129,921 | 129,921 | - |
| Transfers in | 3,906,955 | 4,260,072 | 4,177,862 | (82,210) |
| Transfers out | (2,231,634) | (2,375,626) | (2,357,267) | 18,359 |
| TOTAL OTHER FINANCING SOURCES (USES) | 1,675,421 | 2,014,367 | 1,950,516 | (63,851) |
| NET CHANGE IN FUND BALANCE | 175,504 | 1,688,312 | 1,796,170 | 107,858 |
| FUND BALANCE | | | | |
| Beginning of year | 8,276,431 | 8,276,431 | 8,276,431 | - |
| End of year | \$ 8,451,935 | \$ 9,964,743 | \$ 10,072,601 | \$ 107,858 |

**KENT INTERMEDIATE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL EDUCATION FUND
YEAR ENDED JUNE 30, 2024**

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|--|--------------------|--------------------|--------------------|-------------------------------|
| REVENUES | | | | |
| Local sources | \$ 118,365,229 | \$ 123,235,941 | \$ 123,421,539 | \$ 185,598 |
| State sources | 65,573,095 | 69,535,637 | 69,190,008 | (345,629) |
| Federal sources | 31,953,138 | 35,221,006 | 34,056,261 | (1,164,745) |
| Interdistrict | 71,532,180 | 68,540,919 | 67,608,188 | (932,731) |
| TOTAL REVENUES | 287,423,642 | 296,533,503 | 294,275,996 | (2,257,507) |
| EXPENDITURES | | | | |
| Current | | | | |
| Instruction | | | | |
| Student instruction and added needs | 32,131,240 | 32,707,440 | 32,517,098 | 190,342 |
| Supporting services | | | | |
| Pupil services | 79,067,330 | 79,607,821 | 78,559,414 | 1,048,407 |
| Instructional staff | 8,692,543 | 8,540,669 | 8,229,147 | 311,522 |
| General administration | 44,850 | 70,588 | 63,133 | 7,455 |
| School administration | 337,635 | 271,348 | 250,912 | 20,436 |
| Business services | 1,534,987 | 1,264,584 | 1,186,789 | 77,795 |
| Operation and maintenance | 4,377,971 | 4,238,790 | 4,060,930 | 177,860 |
| Transportation services | 21,219,670 | 21,406,724 | 21,158,223 | 248,501 |
| Central services | 2,176,462 | 2,093,387 | 2,005,906 | 87,481 |
| Other services | 59,661 | 161,664 | 161,709 | (45) |
| Total supporting services | 117,511,109 | 117,655,575 | 115,676,163 | 1,979,412 |
| Community service | 1,180,600 | 1,246,161 | 1,225,777 | 20,384 |
| Interdistrict transactions | 135,093,342 | 132,326,270 | 131,570,903 | 755,367 |
| Capital outlay | - | 50,000 | 50,000 | - |
| Debt service | | | | |
| Principal | - | 104,871 | 100,915 | 3,956 |
| Interest | - | - | 756 | (756) |
| TOTAL EXPENDITURES | 285,916,291 | 284,090,317 | 281,141,612 | 2,948,705 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 1,507,351 | 12,443,186 | 13,134,384 | 691,198 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 336,429 | 432,459 | 421,230 | (11,229) |
| Transfers out | (7,225,188) | (10,153,769) | (10,127,166) | 26,603 |
| TOTAL OTHER FINANCING SOURCES (USES) | (6,888,759) | (9,721,310) | (9,705,936) | 15,374 |
| NET CHANGE IN FUND BALANCE | (5,381,408) | 2,721,876 | 3,428,448 | 706,572 |
| FUND BALANCE | | | | |
| Beginning of year | 14,574,997 | 14,574,997 | 14,574,997 | - |
| End of year | \$ 9,193,589 | \$ 17,296,873 | \$ 18,003,445 | \$ 706,572 |

**KENT INTERMEDIATE SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
CAREER TECHNICAL EDUCATION FUND
YEAR ENDED JUNE 30, 2024**

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|--|--------------------|-------------------|-------------------|-------------------------------|
| REVENUES | | | | |
| Local sources | \$ 27,218,477 | \$ 28,931,360 | \$ 29,032,261 | \$ 100,901 |
| State sources | 6,344,815 | 6,748,845 | 6,768,327 | 19,482 |
| Federal sources | 1,506,160 | 2,152,202 | 2,005,966 | (146,236) |
| Interdistrict | 92,711 | 198,311 | 196,836 | (1,475) |
| TOTAL REVENUES | 35,162,163 | 38,030,718 | 38,003,390 | (27,328) |
| EXPENDITURES | | | | |
| Current | | | | |
| Instruction | | | | |
| Student instruction and added needs | 13,457,606 | 15,212,328 | 15,068,188 | 144,140 |
| Supporting services | | | | |
| Pupil services | 2,038,367 | 1,747,588 | 1,726,353 | 21,235 |
| Instructional staff | 3,026,594 | 2,564,022 | 2,405,875 | 158,147 |
| General administration | 45,250 | 61,000 | 57,324 | 3,676 |
| School administration | 1,392,471 | 1,620,885 | 1,621,272 | (387) |
| Business services | 502,633 | 503,765 | 490,592 | 13,173 |
| Operation and maintenance | 7,831,939 | 5,775,613 | 5,398,726 | 376,887 |
| Transportation services | 136,000 | 149,878 | 129,230 | 20,648 |
| Central services | 4,906,385 | 5,425,705 | 5,430,212 | (4,507) |
| Other services | 11,279 | 3,397 | 3,631 | (234) |
| Total supporting services | 19,890,918 | 17,851,853 | 17,263,215 | 588,638 |
| Interdistrict transactions | 238,000 | 364,999 | 355,064 | 9,935 |
| Capital outlay | - | 532,350 | 308,345 | 224,005 |
| Debt service | | | | |
| Principal | - | 376,457 | 365,386 | 11,071 |
| Interest | - | - | 7,319 | (7,319) |
| TOTAL EXPENDITURES | 33,586,524 | 34,337,987 | 33,367,517 | 970,470 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 1,575,639 | 3,692,731 | 4,635,873 | 943,142 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from the sale of capital assets | 7,779 | 19,180 | 20,763 | 1,583 |
| Proceeds from subscription-based IT arrangements | - | 212,617 | 267,751 | 55,134 |
| Transfers in | 3,108,900 | 3,542,625 | 3,514,242 | (28,383) |
| Transfers out | (2,997,333) | (3,231,903) | (3,154,843) | 77,060 |
| TOTAL OTHER FINANCING SOURCES (USES) | 119,346 | 542,519 | 647,913 | 105,394 |
| NET CHANGE IN FUND BALANCE | 1,694,985 | 4,235,250 | 5,283,786 | 1,048,536 |
| FUND BALANCE | | | | |
| Beginning of year | 15,909,570 | 15,909,570 | 15,909,570 | - |
| End of year | \$ 17,604,555 | \$ 20,144,820 | \$ 21,193,356 | \$ 1,048,536 |

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

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Reporting Unit's proportion of net pension liability (%) | 0.91752% | 0.89143% | 0.86562% | 0.77950% | 0.66111% | 0.63159% | 0.62241% | 0.61092% | 0.58911% | 0.56156% |
| Reporting Unit's proportionate share of net pension liability | \$ 296,964,329 | \$ 335,255,154 | \$ 204,939,863 | \$ 267,767,492 | \$ 218,936,292 | \$ 189,867,954 | \$ 161,292,237 | \$ 152,418,977 | \$ 143,890,033 | \$ 123,693,020 |
| Reporting Unit's covered-employee payroll | \$ 94,979,582 | \$ 87,333,032 | \$ 79,883,234 | \$ 75,827,341 | \$ 59,216,357 | \$ 54,684,386 | \$ 52,283,278 | \$ 52,657,138 | \$ 49,339,339 | \$ 47,321,030 |
| Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll | 312.66% | 383.88% | 256.55% | 353.13% | 369.72% | 347.21% | 308.50% | 289.46% | 291.63% | 261.39% |
| Plan fiduciary net position as a percentage of total pension liability (Non-university employers) | 65.91% | 60.77% | 72.60% | 59.72% | 60.31% | 62.36% | 64.21% | 63.27% | 63.17% | 66.20% |

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

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Statutorily required contributions | \$ 38,644,127 | \$ 41,506,125 | \$ 29,763,902 | \$ 25,474,463 | \$ 20,957,267 | \$ 16,910,512 | \$ 15,662,095 | \$ 14,488,826 | \$ 13,147,555 | \$ 11,087,380 |
| Contributions in relation to statutorily required contributions | <u>38,644,127</u> | <u>41,506,125</u> | <u>29,763,902</u> | <u>25,474,463</u> | <u>20,957,267</u> | <u>16,910,512</u> | <u>15,662,095</u> | <u>14,488,826</u> | <u>13,147,555</u> | <u>11,087,380</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Reporting Unit's covered-employee payroll | \$ 101,557,412 | \$ 96,120,943 | \$ 85,410,869 | \$ 78,767,017 | \$ 73,582,307 | \$ 56,630,532 | \$ 54,112,205 | \$ 51,513,745 | \$ 50,491,183 | \$ 48,970,814 |
| Contributions as a percentage of covered-employee payroll | 38.05% | 43.18% | 34.85% | 32.34% | 28.48% | 29.86% | 28.94% | 28.13% | 26.04% | 22.64% |

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

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Reporting Unit's proportion of net OPEB liability/asset (%) | 0.93909% | 0.89439% | 0.87989% | 0.85689% | 0.67960% | 0.64218% | 0.62303% |
| Reporting Unit's proportionate share of net OPEB liability (asset) | \$ (5,312,437) | \$ 18,943,753 | \$ 13,430,390 | \$ 45,905,744 | \$ 48,780,156 | \$ 51,046,300 | \$ 55,172,657 |
| Reporting Unit's covered-employee payroll | \$ 94,979,582 | \$ 87,333,032 | \$ 79,883,234 | \$ 75,827,341 | \$ 59,216,357 | \$ 54,684,386 | \$ 52,283,278 |
| Reporting Unit's proportionate share of net OPEB liability/asset as a percentage of its covered-employee payroll | 5.59% | 21.69% | 16.81% | 60.54% | 82.38% | 93.35% | 105.53% |
| Plan fiduciary net position as a percentage of total OPEB liability (Non-university employers) | 105.04% | 83.09% | 87.33% | 59.44% | 48.46% | 42.95% | 36.39% |

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

**KENT INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF THE REPORTING UNIT'S OPEB CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEE'S RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)**

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Statutorily required contributions | \$ 8,178,986 | \$ 7,497,789 | \$ 7,007,542 | \$ 6,776,444 | \$ 6,348,000 | \$ 4,672,478 | \$ 4,286,733 |
| Contributions in relation to statutorily required contributions | <u>8,178,986</u> | <u>7,497,789</u> | <u>7,007,542</u> | <u>6,776,444</u> | <u>6,348,000</u> | <u>4,672,478</u> | <u>4,286,733</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Reporting Unit's covered-employee payroll | \$ 101,557,412 | \$ 96,120,943 | \$ 85,410,869 | \$ 78,676,017 | \$ 73,582,307 | \$ 56,630,532 | \$ 54,112,205 |
| Contributions as a percentage of covered-employee payroll | 8.05% | 7.80% | 8.20% | 8.60% | 8.63% | 8.25% | 7.92% |

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

**KENT INTERMEDIATE SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2024**

NOTE 1 - PENSION INFORMATION

Benefit Changes - there were no changes of benefit terms in 2023.

Changes of Assumptions - the assumption changes for 2023 were:

- Mortality assumptions were updated to the Pub-2010 Male and Female Retiree Mortality Tables from the RP-2014 Male and Female Healthy Annuitant table.

NOTE 2 - OPEB INFORMATION

Benefit Changes - there were no changes of benefit terms in 2023.

Changes of Assumptions - the assumption changes for 2023 were:

- Healthcare Cost Trend Rate
 - Pre 65 decreased to 7.50% for year one graded to 3.50% for year fifteen from 7.75% for year one graded to 3.50% for year fifteen.
 - Post 65 increased to 6.25% for year one and graded to 3.50% for year fifteen from 5.25% for year one and graded to 3.50% for year fifteen.
- Mortality assumptions were updated to the Pub-2010 Male and Female Retiree Mortality Tables from the RP-2014 Male and Female Healthy Annuitant table.

ADDITIONAL SUPPLEMENTARY INFORMATION

**KENT INTERMEDIATE SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2024**

| | Special Revenue | | | Capital Projects | | | Total |
|--|-----------------------|---------------------------|-------------------|---------------------|---------------------|----------------------------|----------------------|
| | Cooperative Education | Student/School Activities | Community Service | General Education | Special Education | Career Technical Education | |
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ 100,614 | \$ 57,163 | \$ 127,317 | \$ 48,818 | \$ 52,488 | \$ 50,075 | \$ 436,475 |
| Investments | 2,603,939 | 1,106,153 | - | 2,086,486 | 6,160,070 | 3,203,425 | 15,160,073 |
| Accounts receivable | 400 | 11,651 | - | 292 | - | 1,117 | 13,460 |
| Taxes receivable | - | - | 54,990 | - | 6,355 | 5,921 | 67,266 |
| Intergovernmental receivable | 751,515 | 1,902 | - | - | 1,104 | 1,104 | 755,625 |
| Due from other funds | 47 | - | - | - | - | - | 47 |
| Prepays | 31,808 | - | - | - | - | - | 31,808 |
| TOTAL ASSETS | \$ 3,488,323 | \$ 1,176,869 | \$ 182,307 | \$ 2,135,596 | \$ 6,220,017 | \$ 3,261,642 | \$ 16,464,754 |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| LIABILITIES | | | | | | | |
| Accounts payable | \$ 11,794 | \$ 17,321 | \$ - | \$ 30,647 | \$ 693,515 | \$ 308,611 | \$ 1,061,888 |
| Retainage payable | - | - | - | 517 | 285,811 | 130,551 | 416,879 |
| Accrued salaries and related items | 225,222 | 110 | - | - | - | - | 225,332 |
| Accrued retirement | 49,385 | - | - | - | - | - | 49,385 |
| Due to internal service fund | 1,283 | - | - | - | - | - | 1,283 |
| Intergovernmental payable | 980 | - | 182,307 | - | 220 | 220 | 183,727 |
| Unearned revenue | 2,500 | - | - | - | - | - | 2,500 |
| TOTAL LIABILITIES | 291,164 | 17,431 | 182,307 | 31,164 | 979,546 | 439,382 | 1,940,994 |
| FUND BALANCES | | | | | | | |
| Nonspendable for prepaids | 31,808 | - | - | - | - | - | 31,808 |
| Committed | | | | | | | |
| Center program facility needs | - | - | - | - | 2,000,000 | - | 2,000,000 |
| Other capital needs | - | - | - | 2,000,000 | 1,500,000 | 2,500,000 | 6,000,000 |
| Cooperative education | 3,165,351 | - | - | - | - | - | 3,165,351 |
| Student/school activities | - | 1,159,438 | - | - | - | - | 1,159,438 |
| Assigned for | | | | | | | |
| Capital projects | - | - | - | 104,432 | 1,740,471 | 322,260 | 2,167,163 |
| TOTAL FUND BALANCES | 3,197,159 | 1,159,438 | - | 2,104,432 | 5,240,471 | 2,822,260 | 14,523,760 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 3,488,323 | \$ 1,176,869 | \$ 182,307 | \$ 2,135,596 | \$ 6,220,017 | \$ 3,261,642 | \$ 16,464,754 |

**KENT INTERMEDIATE SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024**

| | Special Revenue | | | Capital Projects | | | Total |
|--|--------------------------|----------------------------------|----------------------|----------------------|----------------------|----------------------------------|---------------|
| | Cooperative Education | Student/ School Activities | Community Service | General Education | Special Education | Career Technical Education | |
| REVENUES | | | | | | | |
| Local sources | | | | | | | |
| Property taxes | \$ - | \$ - | \$ 27,136,365 | \$ - | \$ 3,138,910 | \$ 3,139,067 | \$ 33,414,342 |
| Investment earnings | 53,397 | 58,664 | - | 34,207 | 205,645 | 263,975 | 615,888 |
| Student/school activities | - | 209,190 | - | - | - | - | 209,190 |
| Other | 605,137 | - | 281,456 | 15,000 | 31,418 | 2,911 | 935,922 |
| Total local sources | 658,534 | 267,854 | 27,417,821 | 49,207 | 3,375,973 | 3,405,953 | 35,175,342 |
| State sources | 651,821 | 4,059 | 322,828 | - | 97,480 | 97,480 | 1,173,668 |
| Interdistrict | 3,634,400 | - | - | - | - | - | 3,634,400 |
| TOTAL REVENUES | 4,944,755 | 271,913 | 27,740,649 | 49,207 | 3,473,453 | 3,503,433 | 39,983,410 |
| EXPENDITURES | | | | | | | |
| Current | | | | | | | |
| Instruction | 1,872,826 | - | - | - | - | - | 1,872,826 |
| Supporting services | 3,368,578 | - | 16,555 | - | - | - | 3,385,133 |
| Interdistrict transactions | - | - | 27,487,996 | - | - | - | 27,487,996 |
| Student/school activities | - | 212,728 | - | - | - | - | 212,728 |
| Capital outlay | - | - | - | 960,664 | 7,210,625 | 3,927,821 | 12,099,110 |
| TOTAL EXPENDITURES | 5,241,404 | 212,728 | 27,504,551 | 960,664 | 7,210,625 | 3,927,821 | 45,057,793 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (296,649) | 59,185 | 236,098 | (911,457) | (3,737,172) | (424,388) | (5,074,383) |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Transfers in | 896,500 | - | - | 2,081,679 | 5,546,845 | - | 8,525,024 |
| Transfers out | (228,064) | - | (236,098) | (46,845) | (344,551) | (143,524) | (999,082) |
| TOTAL OTHER FINANCING SOURCES (USES) | 668,436 | - | (236,098) | 2,034,834 | 5,202,294 | (143,524) | 7,525,942 |
| NET CHANGE IN FUND BALANCES | 371,787 | 59,185 | - | 1,123,377 | 1,465,122 | (567,912) | 2,451,559 |
| FUND BALANCES | | | | | | | |
| Beginning of year | 2,825,372 | 1,100,253 | - | 981,055 | 3,775,349 | 3,390,172 | 12,072,201 |
| End of year | \$ 3,197,159 | \$ 1,159,438 | \$ - | \$ 2,104,432 | \$ 5,240,471 | \$ 2,822,260 | \$ 14,523,760 |

**KENT INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024**

| Federal Grantor/Pass-through Grantor/ Program Title/Pass-through Grantor's Number | Federal Assistance Listing Number | Approved Award Amount | Prior Year Expenditures (Memo Only) | Accrued (Unearned) Revenue at July 1, 2023 | Current Year Receipts | Current Year Expenditures | Accrued (Unearned) Revenue at June 30, 2024 | Passed Through to Subrecipients |
|---|--|-----------------------------|---|---|--------------------------|------------------------------|--|---------------------------------------|
| <u>U.S. Department of Agriculture</u> | | | | | | | | |
| Passed through Michigan Nutrition Network SNAP Cluster | | | | | | | | |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 10.561 | | | | | | | |
| SNAPPING UP 2022-2023/ADMIN-23-99011 | | \$ 220,000 | \$ 171,833 | \$ 66,106 | \$ 91,750 | \$ 25,644 | \$ - | \$ - |
| Total U.S. Department of Agriculture | | 220,000 | 171,833 | 66,106 | 91,750 | 25,644 | - | - |
| <u>U.S. Department of Education</u> | | | | | | | | |
| Passed through the Michigan Department of Education | | | | | | | | |
| Title I Grants to Local Educational Agencies | 84.010 | | | | | | | |
| 231570-2223 | | 1,218,163 | 561,869 | 223,613 | 451,285 | 227,672 | - | 377,414 |
| 241570-2324 | | 1,431,694 | - | - | 643,761 | 896,206 | 252,445 | 442,697 |
| Total ALN 84.010 | | 2,649,857 | 561,869 | 223,613 | 1,095,046 | 1,123,878 | 252,445 | 820,111 |
| English Language Acquisition State Grants | 84.365 | | | | | | | |
| 230580-2223 Limited English Proficiency | | 113,564 | 75,948 | 54,512 | 68,847 | 14,335 | - | 49,817 |
| 240580-2324 Limited English Proficiency | | 90,120 | - | - | 21,050 | 50,327 | 29,277 | 20,868 |
| Total ALN 84.365 | | 203,684 | 75,948 | 54,512 | 89,897 | 64,662 | 29,277 | 70,685 |
| Education for Homeless Children and Youth | 84.196 | | | | | | | |
| 232320-2122 | | 193,430 | 164,383 | 30,853 | 43,598 | 12,745 | - | - |
| 242320-2324 | | 247,928 | - | - | 149,667 | 166,320 | 16,653 | - |
| Total ALN 84.196 | | 441,358 | 164,383 | 30,853 | 193,265 | 179,065 | 16,653 | - |

The accompanying notes are an integral part of this schedule.

**KENT INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024**

| Federal Grantor/Pass-through Grantor/ Program Title/Pass-through Grantor's Number | Federal Assistance Listing Number | Approved Award Amount | Prior Year Expenditures (Memo Only) | Accrued (Unearned) Revenue at July 1, 2023 | Current Year Receipts | Current Year Expenditures | Accrued (Unearned) Revenue at June 30, 2024 | Passed Through to Subrecipients |
|--|--|-----------------------------|---|---|--------------------------|------------------------------|--|---------------------------------------|
| <u>U.S. Department of Education (continued)</u> | | | | | | | | |
| Passed through the Michigan Department of Education (continued) | | | | | | | | |
| Special Education Cluster | | | | | | | | |
| Special Education Grants to States | | | | | | | | |
| | 84.027 | | | | | | | |
| General Supervision 230493-2223 | | \$ 196,000 | \$ 175,719 | \$ 44,152 | \$ 44,152 | \$ - | \$ - | \$ - |
| General Supervision 240493-2324 | | 215,600 | - | - | 125,018 | 149,585 | 24,567 | - |
| Flowthrough 230450-2223 | | 29,193,472 | 27,799,957 | 5,685,800 | 6,966,096 | 1,393,515 | 113,219 | 5,237,631 |
| Flowthrough 240450-2324 | | 30,649,473 | - | - | 23,399,152 | 29,654,236 | 6,255,084 | 19,865,378 |
| COVID-19 IDEA State Initiated Transition (ARP) 221280-2122 | 84.027X | 6,127,786 | 6,045,725 | 805,193 | 887,254 | 82,061 | - | 785,132 |
| Total ALN 84.027 | | 66,382,331 | 34,021,401 | 6,535,145 | 31,421,672 | 31,279,397 | 6,392,870 | 25,888,141 |
| Special Education Preschool Grants | | | | | | | | |
| | 84.173 | | | | | | | |
| 220460-2122 | | 962,031 | 959,701 | - | 1,059 | 1,059 | - | - |
| 230460-2223 | | 1,001,970 | 997,635 | 208,298 | 208,298 | 3,493 | 3,493 | 200,308 |
| 240460-2324 | | 1,022,197 | - | - | 794,266 | 1,015,843 | 221,577 | 740,704 |
| COVID-19 IDEA Preschool (ARP) 221285-2122 | 84.173X | 477,717 | 473,685 | 48,016 | 48,016 | - | - | 48,016 |
| Total ALN 84.173 | | 3,463,915 | 2,431,021 | 256,314 | 1,051,639 | 1,020,395 | 225,070 | 989,028 |
| Total Special Education Cluster | | 69,846,246 | 36,452,422 | 6,791,459 | 32,473,311 | 32,299,792 | 6,617,940 | 26,877,169 |
| Special Education Grants for Infants and Families | | | | | | | | |
| Infant and Toddler Formula | | | | | | | | |
| | 84.181 | | | | | | | |
| 231340-2223 | | 933,434 | 785,961 | 94,174 | 94,174 | - | - | - |
| 241340-2324 | | 892,468 | - | - | 694,142 | 791,836 | 97,694 | - |
| Total ALN 84.181 | | 1,825,902 | 785,961 | 94,174 | 788,316 | 791,836 | 97,694 | - |

The accompanying notes are an integral part of this schedule.

**KENT INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024**

| Federal Grantor/Pass-through Grantor/ Program Title/Pass-through Grantor's Number | Federal Assistance Listing Number | Approved Award Amount | Prior Year Expenditures (Memo Only) | Accrued (Unearned) Revenue at July 1, 2023 | Current Year Receipts | Current Year Expenditures | Accrued (Unearned) Revenue at June 30, 2024 | Passed Through to Subrecipients |
|--|--|-----------------------------|---|---|--------------------------|------------------------------|--|---------------------------------------|
| U.S. Department of Education (continued) | | | | | | | | |
| Passed through the Michigan Department of Education (continued) | | | | | | | | |
| Career and Technical Education - Basic Grants to States | | | | | | | | |
| 233520-231213 | 84.048 | \$ 1,435,812 | \$ 1,397,585 | \$ 116,319 | \$ 116,319 | \$ - | \$ - | \$ - |
| 243520-241213 | | 1,856,324 | - | - | 1,591,640 | 1,703,023 | 111,383 | 343,000 |
| CTE Perkins Career Pathways 233480-231228 | | 60,000 | 1,116 | 1,116 | 33,104 | 31,988 | - | - |
| Total ALN 84.048 | | 3,352,136 | 1,398,701 | 117,435 | 1,741,063 | 1,735,011 | 111,383 | 343,000 |
| Adult Education - Basic Grants to States | | | | | | | | |
| 231130-221712 | 84.002 | 414,353 | 369,032 | 34,100 | 34,100 | - | - | - |
| 241130-241712 | | 424,326 | - | - | 358,227 | 402,012 | 43,785 | - |
| 231120-225003 | | 115,212 | 58,595 | 9,422 | 9,422 | - | - | - |
| 241120-245003 | | 119,587 | - | - | 93,776 | 105,968 | 12,192 | - |
| Total ALN 84.002 | | 1,073,478 | 427,627 | 43,522 | 495,525 | 507,980 | 55,977 | - |
| Education Stabilization Fund | | | | | | | | |
| COVID-19 Homeless Children & Youth ARP Homeless II | | | | | | | | |
| 211012-2122/2223 | 84.425W | 689,235 | 291,405 | 141,019 | 267,237 | 218,036 | 91,818 | - |
| 221012-2223 | | 40,078 | 6,453 | 6,453 | 7,931 | 1,478 | - | - |
| 221013-2223 | | 2,185 | - | - | 2,185 | 2,185 | - | - |
| Total ALN 84.425 | | 731,498 | 297,858 | 147,472 | 277,353 | 221,699 | 91,818 | - |
| Passed through the Western Michigan University | | | | | | | | |
| Promise Neighborhood | | | | | | | | |
| | 84.215N | 123,826 | 54,412 | 36,717 | 83,941 | 47,224 | - | - |
| | | 122,190 | - | - | - | 54,945 | 54,945 | - |
| Direct Program | | | | | | | | |
| K-12 Congressionally Funded Community Project Application | | | | | | | | |
| | 84.215K | 900,000 | 629,045 | - | 270,955 | 270,955 | - | - |
| Total ALN 84.215 | | 1,146,016 | 683,457 | 36,717 | 354,896 | 373,124 | 54,945 | - |
| Total U.S. Department of Education | | 81,270,175 | 40,848,226 | 7,539,757 | 37,508,672 | 37,297,047 | 7,328,132 | 28,110,965 |

The accompanying notes are an integral part of this schedule.

**KENT INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024**

| Federal Grantor/Pass-through Grantor/ Program Title/Pass-through Grantor's Number | Federal Assistance Listing Number | Approved Award Amount | Prior Year Expenditures (Memo Only) | Accrued (Unearned) Revenue at July 1, 2023 | Current Year Receipts | Current Year Expenditures | Accrued (Unearned) Revenue at June 30, 2024 | Passed Through to Subrecipients |
|---|--|-----------------------------|---|---|--------------------------|------------------------------|--|---------------------------------------|
| <u>U.S. Department of Health and Human Services</u> | | | | | | | | |
| Passed through Michigan Department of Education Every Student Succeeds Act/Preschool Development Grants 223910-2122 | 93.434 | \$ 32,500 | \$ 28,367 | \$ - | \$ 4,133 | \$ 4,133 | \$ - | \$ - |
| Passed through Michigan Department of Health and Human Services Medicaid Cluster Medical Assistance Program | 93.778 | 964,633 | - | - | 964,633 | 964,633 | - | 767,078 |
| Passed through the Office of Global Michigan Refugee and Entrant Assistance State/Replacement Designee Administered Programs | 93.566 | 300,000 | 135,316 | (14,684) | 80,512 | 122,592 | 27,396 | - |
| Passed through ACF/OTIP-Office of Discretionary Grants Demonstration Grants for Domestic Violence Victims of Human Trafficking 90TV0047-03-00 | 93.327 | 500,000 | 152,841 | 29,411 | 107,609 | 78,198 | - | - |
| Passed through Michigan Department of Education COVID-19 Epidemiology and Laboratory Capacity for Infections Diseases 222810-HRA2022 232810-HRA2023 | 93.323 | 1,120,000 1,150,000 | 878,242 - | 360,571 - | 360,571 765,890 | - 915,524 | - 149,634 | 360,571 762,590 |
| Total ALN 93.323 | | 2,270,000 | 878,242 | 360,571 | 1,126,461 | 915,524 | 149,634 | 1,123,161 |
| Passed through Early Childhood Investment Corporation Great Start to Quality 22/23 Great Start to Quality 23/24 | 93.575 | 786,136 808,520 | 569,842 - | 102,316 - | 316,052 431,602 | 213,736 592,007 | - 160,405 | - - |
| Total CCDF Cluster | | 1,594,656 | 569,842 | 102,316 | 747,654 | 805,743 | 160,405 | - |
| Total U.S. Department of Health and Human Services | | 5,661,789 | 1,764,608 | 477,614 | 3,031,002 | 2,890,823 | 337,435 | 1,890,239 |

The accompanying notes are an integral part of this schedule.

**KENT INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024**

| Federal Grantor/Pass-through Grantor/ Program Title/Pass-through Grantor's Number | Federal Assistance Listing Number | Approved Award Amount | Prior Year Expenditures (Memo Only) | Accrued (Unearned) Revenue at July 1, 2023 | Current Year Receipts | Current Year Expenditures | Accrued (Unearned) Revenue at June 30, 2024 | Passed Through to Subrecipients |
|--|--|-----------------------------|---|---|--------------------------|------------------------------|--|---------------------------------------|
| <u>U.S. Department of Treasury</u> | | | | | | | | |
| Passed through Michigan Department of Education COVID-19 Coronavirus State and Local Fiscal Recovery Funds 232425-2223 | 21.027 | \$ 892,857 | \$ 267,857 | \$ 267,857 | \$ 267,857 | \$ - | \$ - | \$ - |
| <u>U.S. Department of Justice</u> | | | | | | | | |
| Direct Program STOP School Violence 15-PBJA-22-GG-04689-STOP | 16.839 | 374,499 | 8,918 | 4,736 | 106,533 | 105,419 | 3,622 | - |
| Total Federal Awards | | <u>\$ 88,419,320</u> | <u>\$ 43,061,442</u> | <u>\$ 8,356,070</u> | <u>\$ 41,005,814</u> | <u>\$ 40,318,933</u> | <u>\$ 7,669,189</u> | <u>\$ 30,001,204</u> |

The accompanying notes are an integral part of this schedule.

**KENT INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
PASS THROUGH AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2024**

| Program Title/Project Number/Subrecipient Name | Federal Assistance Listing Number | Current Year Cash Transferred to Subrecipient |
|---|-----------------------------------|---|
| U.S. Department of Education | | |
| Passed through the Michigan Department of Education | | |
| Special Education Cluster | | |
| COVID-19 IDEA State Initiated Transition (ARP) | 84.027X | |
| 221280-2122 | | |
| Passed through to: | | |
| Byron Center Public Schools | | \$ 18,831 |
| Caledonia Community Schools | | 40,449 |
| Cedar Springs Public Schools | | 24,277 |
| Chandler Woods Campus | | 3,621 |
| Comstock Park Public Schools | | 52,480 |
| Creative Technologies Academy | | 8,055 |
| Cross Creek Charter Academy | | 17,575 |
| Excel Charter Academy | | 8,384 |
| Forest Hills Public Schools | | 56,418 |
| Godwin Heights Public Schools | | 30,470 |
| GR Child Discovery Center | | 6,102 |
| Grand Rapids Public Schools | | 126,439 |
| Grand River Preparatory | | 2,197 |
| Grandville Public Schools | | 39,699 |
| Kelloggsville Public Schools | | 20,525 |
| Kenowa Hills Public Schools | | 28,139 |
| Kentwood Public Schools | | 27,521 |
| Knapp Charter Academy | | 17,331 |
| Lighthouse Academy | | 3,499 |
| Lowell Area Schools | | 15,586 |
| Northview Public Schools | | 17,913 |
| Prep Net Virtual | | 22,457 |
| Ridge Park Charter Academy | | 13,181 |
| River City Scholars | | 11,961 |
| Rockford Public Schools | | 37,737 |
| Sparta Area Schools | | 25,667 |
| Thornapple Kellogg Schools | | 15,593 |
| Vanguard Academy | | 10,661 |
| Vista Charter Academy | | 3,350 |
| Walker Charter Academy | | 14,508 |
| Wellspring Prep Academy | | 2,386 |
| West Michigan Academy of Environmental Science | | 16,589 |
| William C Abney Academy | | 9,276 |
| Wyoming Public Schools | | 36,255 |
| Total 221280-2122 | | <u>785,132</u> |

The accompanying notes are an integral part of this schedule.

**KENT INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
PASS THROUGH AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2024**

| Program Title/Project Number/Subrecipient Name | Federal Assistance Listing Number | Current Year Cash Transferred to Subrecipient |
|---|--|--|
| U.S. Department of Education (continued) | | |
| Passed through the Michigan Department of Education | | |
| Special Education Cluster | | |
| Flowthrough Carryover | 84.027A | |
| 230450-2223 | | |
| Passed through to: | | |
| Byron Center Charter School | | \$ 4,854 |
| Byron Center Public Schools | | 158,396 |
| Caledonia Community Schools | | 220,409 |
| Cedar Springs Public Schools | | 210,503 |
| Comstock Park Public Schools | | 80,485 |
| Covenant House Academy | | 5,065 |
| Creative Technologies Academy | | 2,966 |
| East Grand Rapids Public Schools | | 53,589 |
| Excel Charter Academy | | 12,462 |
| Forest Hills Public Schools | | 408,046 |
| Godfrey Lee Public Schools | | 71,839 |
| Godwin Heights Public Schools | | 233,212 |
| Grand Rapids Child Discovery | | 4,780 |
| Grand Rapids Public Schools | | 1,028,506 |
| Grandville Public Schools | | 313,035 |
| Hope Academy of West Michigan | | 6,672 |
| Kelloggsville Public Schools | | 130,081 |
| Kenowa Hills Public Schools | | 111,347 |
| Kentwood Public Schools | | 562,512 |
| Kent City Community Schools | | 103,310 |
| Lighthouse Academy | | 18,625 |
| Lowell Area Schools | | 166,535 |
| New Branches Charter Academy | | 12,330 |
| Nextech High School | | 4,852 |
| Northview Public Schools | | 172,038 |
| Ridge Park Charter Academy | | 1 |
| Rockford Public Schools | | 324,862 |
| Sparta Area Schools | | 230,272 |
| Thornapple Kellogg Schools | | 155,404 |
| Well Spring Preparatory | | 2,984 |
| West Michigan Academy of Environmental Science | | 39,153 |
| West Michigan Aviation Academy | | 3,187 |
| William C Abney Academy | | 81,213 |
| Wyoming Public Schools | | 304,106 |
| Total 230450-2223 | | <u>5,237,631</u> |

The accompanying notes are an integral part of this schedule.

**KENT INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
PASS THROUGH AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2024**

| Program Title/Project Number/Subrecipient Name | Federal Assistance Listing Number | Current Year Cash Transferred to Subrecipient |
|---|-----------------------------------|---|
| U.S. Department of Education (continued) | | |
| Passed through the Michigan Department of Education | | |
| Special Education Cluster | | |
| Flowthrough | 84.027A | |
| 240450-2324 | | |
| Passed through to: | | |
| Byron Center Charter School | | \$ 47,973 |
| Byron Center Public Schools | | 716,925 |
| Caledonia Community Schools | | 1,023,007 |
| Cedar Springs Public Schools | | 742,097 |
| Chandler Woods Campus | | 129,896 |
| Comstock Park Public Schools | | 467,527 |
| Covenant House Academy | | 38,848 |
| Creative Technologies Academy | | 62,275 |
| Cross Creek Charter Academy | | 135,957 |
| East Grand Rapids Public Schools | | 345,737 |
| Excel Charter Academy | | 127,232 |
| Forest Hills Public Schools | | 1,510,653 |
| Gerald Dawkins Academy | | 20,412 |
| Godfrey Lee Public Schools | | 286,080 |
| Godwin Heights Public Schools | | 485,000 |
| GR Child Discovery Center | | 48,107 |
| Grand Rapids Public Schools | | 3,405,222 |
| Grand River Preparatory | | 61,427 |
| Grandville Public Schools | | 920,038 |
| Hope Academy of West Michigan | | 48,701 |
| Kelloggsville Public Schools | | 479,009 |
| Kenowa Hills Public Schools | | 810,800 |
| Kent City Community Schools | | 202,772 |
| Kentwood Public Schools | | 2,360,213 |
| Knapp Charter Academy | | 123,898 |
| Lighthouse Academy | | 121,730 |
| Lowell Area Schools | | 585,713 |
| New Branches Charter Academy | | 62,906 |
| Nextech High School | | 18,778 |
| Northview Public Schools | | 564,171 |
| Prep Net Virtual | | 322,106 |
| Ridge Park Charter Academy | | 123,404 |
| River City Scholars Charter | | 34,564 |
| Rockford Public Schools | | 1,061,157 |
| Sparta Area Schools | | 631,824 |
| Thornapple Kellogg Schools | | 618,860 |
| Vanguard Academy | | 77,196 |
| Vista Charter Academy | | 121,313 |
| Walker Charter Academy | | 150,595 |
| Wellspring Prep Academy | | 62,748 |
| West Michigan Academy of Environmental Science | | 105,004 |
| West Michigan Aviation Academy | | 29,282 |
| William C. Abney Academy | | 63,894 |
| Wyoming Public Schools | | 510,327 |
| Total 240450-2324 | | <u>19,865,378</u> |
| Total Flowthrough | | <u>25,888,141</u> |

The accompanying notes are an integral part of this schedule.

**KENT INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
PASS THROUGH AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2024**

| Program Title/Project Number/Subrecipient Name | Federal Assistance Listing Number | Current Year Cash Transferred to Subrecipient |
|---|-----------------------------------|---|
| U.S. Department of Education (continued) | | |
| Passed through the Michigan Department of Education | | |
| Special Education Cluster | | |
| Special Education Preschool Carryover | 84.173 | |
| 230460-2223 | | |
| Passed through to: | | |
| Byron Center Public Schools | | \$ 10,216 |
| Caledonia Community Schools | | 10,051 |
| Cedar Springs Public Schools | | 6,299 |
| Comstock Park Public Schools | | 9,210 |
| Forest Hills Public Schools | | 15,314 |
| Godwin Heights Public Schools | | 8,098 |
| Grand Rapids Public Schools | | 44,927 |
| Grandville Public Schools | | 12,365 |
| Kelloggsville Public Schools | | 7,220 |
| Kenowa Hills Public Schools | | 702 |
| Kent City Community Schools | | 5,031 |
| Kentwood Public Schools | | 17,980 |
| Lowell Area Schools | | 6,669 |
| Northview Public Schools | | 4,774 |
| Rockford Public Schools | | 13,818 |
| Sparta Area Schools | | 9,073 |
| Thornapple Kellogg Schools | | 4,763 |
| Wyoming Public Schools | | 13,798 |
| | | <u>200,308</u> |
| Total 230460-2223 | | <u>200,308</u> |
| Special Education Preschool | 84.173 | |
| 240460-2324 | | |
| Passed through to: | | |
| Byron Center Public Schools | | 40,568 |
| Caledonia Community Schools | | 42,123 |
| Cedar Springs Public Schools | | 19,932 |
| Comstock Park Public Schools | | 15,552 |
| East Grand Rapids Public Schools | | 15,433 |
| Forest Hills Public Schools | | 49,110 |
| Godfrey Lee Public Schools | | 20,880 |
| Godwin Heights Public Schools | | 15,500 |
| Grand Rapids Public Schools | | 125,630 |
| Grandville Public Schools | | 45,480 |
| Kelloggsville Public Schools | | 28,274 |
| Kenowa Hills Public Schools | | 29,464 |
| Kent City Community Schools | | 15,063 |
| Kentwood Public Schools | | 93,505 |
| Lowell Area Schools | | 25,643 |
| Northview Public Schools | | 20,608 |
| Rockford Public Schools | | 53,075 |
| Sparta Area Schools | | 23,785 |
| Thornapple Kellogg Schools | | 25,518 |
| Wyoming Public Schools | | 35,561 |
| | | <u>740,704</u> |
| Total 240460-2324 | | <u>740,704</u> |

The accompanying notes are an integral part of this schedule.

**KENT INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
PASS THROUGH AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2024**

| Program Title/Project Number/Subrecipient Name | Federal Assistance Listing Number | Current Year Cash Transferred to Subrecipient |
|---|-----------------------------------|---|
| U.S. Department of Education (continued) | | |
| Passed through the Michigan Department of Education | | |
| Special Education Cluster | | |
| COVID-19 IDEA Preschool (ARP) | 84.173X | |
| 221285-2122 | | |
| Passed through to: | | |
| Byron Center Public Schools | | \$ 2,113 |
| Caledonia Community Schools | | 4,978 |
| Cedar Springs Public Schools | | 1,011 |
| Comstock Park Public Schools | | 4,787 |
| Forest Hills Public Schools | | 3,827 |
| Godwin Heights Public Schools | | 2,985 |
| Grand Rapids Public Schools | | 10,918 |
| Grandville Public Schools | | 3,126 |
| Kelloggsville Public Schools | | 2,831 |
| Kenowa Hills Public Schools | | 1,862 |
| Northview Public Schools | | 591 |
| Rockford Public Schools | | 2,715 |
| Sparta Area Schools | | 1,610 |
| Thornapple Kellogg Schools | | 2,808 |
| Wyoming Public Schools | | 1,854 |
| | | <hr/> |
| Total 221285-2122 | | 48,016 |
| | | <hr/> |
| Total Special Education Preschool | | 989,028 |
| | | <hr/> |
| Total Special Education Cluster | | 26,877,169 |
| | | <hr/> |

The accompanying notes are an integral part of this schedule.

**KENT INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
PASS THROUGH AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2024**

| Program Title/Project Number/Subrecipient Name | Federal Assistance Listing Number | Current Year Cash Transferred to Subrecipient |
|---|-----------------------------------|---|
| U.S. Department of Education (continued) | | |
| Passed through the Michigan Department of Education | | |
| Vocational Education - Basic Grants to States | 84.048 | |
| CTE Perkins | | |
| 243520-241213 | | |
| Passed through to: | | |
| Allegan Area Educational | | \$ 343,000 |
| Total 243520-241213 | | <u>343,000</u> |
| English Language Acquisition State Grants | 84.365 | |
| 230580-2223 | | |
| Passed through to: | | |
| Caledonia Community Schools | | 13,905 |
| Covenant House Academy | | 10,288 |
| Grand Rapids Child Discovery Center | | 1,002 |
| Lowell Area Schools | | 3,633 |
| Otsego Public Schools | | 411 |
| Success Virtual | | 12,830 |
| West Michigan Academy of Environmental Science | | 6,611 |
| West Michigan Aviation Academy | | 1,137 |
| Total 230580-2223 | | <u>49,817</u> |
| 240580-2324 | 84.365 | |
| Passed through to: | | |
| Byron Center Public Schools | | 13,151 |
| Grand Rapids Child Discovery Center | | 1,006 |
| Rockford Public Schools | | 6,711 |
| Total 240580-2324 | | <u>20,868</u> |
| English Language Acquisition State Grants | | <u>70,685</u> |
| Passed through the Michigan Department of Education | | |
| Title I Regional Assistance | | |
| 231570-2223 | 84.010A | |
| Passed through to: | | |
| Grand Rapids Public Schools | | 78,851 |
| Kentwood Public Schools | | 44,511 |
| Lighthouse Academy | | 28,555 |
| Nextech High School | | 67,157 |
| William C Abney Academy | | 140,828 |
| Youth Vision Solutions | | 17,512 |
| Total 231570-2223 | | <u>377,414</u> |

The accompanying notes are an integral part of this schedule.

**KENT INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
PASS THROUGH AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2024**

| Program Title/Project Number/Subrecipient Name | Federal Assistance Listing Number | Current Year Cash Transferred to Subrecipient |
|---|-----------------------------------|---|
| U.S. Department of Education (continued) | | |
| Passed through the Michigan Department of Education | | |
| Title I Regional Assistance | | |
| 241570-2324 | 84.010A | |
| Passed through to: | | |
| Grand Rapids Public Schools | | \$ 181,896 |
| Kentwood Public Schools | | 180,808 |
| William C Abney Academy | | 79,993 |
| Total 241570-2324 | | <u>442,697</u> |
| U.S. Department of Health and Human Services | | |
| Passed through the Michigan Department of Education | | |
| COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases | | |
| 222810-HRA2022 | 93.323 | |
| Passed through to: | | |
| Byron Center Public Schools | | 15,571 |
| Caledonia Community Schools | | 56,039 |
| Cedar Springs Public Schools | | 39,891 |
| Forest Hills Public Schools | | 44,001 |
| Kent City Community Schools | | 22,946 |
| Lowell Area Schools | | 15,403 |
| Northview Public Schools | | 47,832 |
| Rockford Public Schools | | 58,860 |
| Sparta Area Schools | | 38,101 |
| Thornapple Kellogg Schools | | 21,927 |
| Total 232810-HRA2022 | | <u>360,571</u> |
| U.S. Department of Health and Human Services | | |
| Passed through the Michigan Department of Education | | |
| COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases | | |
| 232810-HRA2023 | 93.323 | |
| Passed through to: | | |
| Byron Center Public Schools | | 63,469 |
| Caledonia Community Schools | | 60,148 |
| Cedar Springs Public Schools | | 52,858 |
| Forest Hills Public Schools | | 53,236 |
| Godfrey Lee Public Schools | | 35,718 |
| Kent City Community Schools | | 30,223 |
| Kentwood Public Schools | | 134,101 |
| Lowell Area Schools | | 72,843 |
| Northview Public Schools | | 41,088 |
| Rockford Public Schools | | 135,407 |
| Sparta Area Schools | | 41,105 |
| Thornapple Kellogg Schools | | 42,394 |
| Total 232810-HRA2023 | | <u>762,590</u> |

The accompanying notes are an integral part of this schedule.

**KENT INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
PASS THROUGH AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2024**

| Program Title/Project Number/Subrecipient Name | Federal Assistance Listing Number | Current Year Cash Transferred to Subrecipient |
|--|-----------------------------------|---|
| U.S. Department of Health and Human Services | | |
| Passed through the Michigan Department of Health and Human | | |
| Medicaid Cluster | | |
| | 93.778 | |
| Medical Assistance Program | | |
| Byron Center Charter School | | \$ 1,288 |
| Byron Center Public Schools | | 33,146 |
| Caledonia Community Schools | | 43,574 |
| Cedar Springs Public Schools | | 37,616 |
| Comstock Park Public Schools | | 16,815 |
| Creative Technologies Academy | | 4,643 |
| East Grand Rapids Public Schools | | 34,501 |
| Forest Hills Public Schools | | 83,672 |
| Godfrey Lee Public Schools | | 7,042 |
| Godwin Heights Public Schools | | 17,412 |
| GR Child Discovery Center | | 1,492 |
| Grand Rapids Public Schools | | 101,658 |
| Grandville Public Schools | | 19,363 |
| Hope Academy of West Michigan | | 4,441 |
| Kelloggsville Public Schools | | 23,934 |
| Kenowa Hills Public Schools | | 24,014 |
| Kent City Community Schools | | 9,219 |
| Kentwood Public Schools | | 73,102 |
| Lighthouse Academy | | 5,016 |
| Lowell Area Schools | | 25,545 |
| New Branches Charter Academy | | 1,966 |
| Northview Public Schools | | 19,599 |
| Rockford Public Schools | | 71,357 |
| Sparta Area Schools | | 23,420 |
| Thornapple Kellogg Schools | | 29,432 |
| West Michigan Academy of Environmental Science | | 3,353 |
| William C. Abney Academy | | 2,985 |
| Wyoming Public Schools | | 47,473 |
| | | <u>767,078</u> |
| Total Medicaid Assistance Program | | <u>767,078</u> |
| Total Federal Financial Assistance Provided to Subrecipients | | <u><u>\$ 30,001,204</u></u> |

The accompanying notes are an integral part of this schedule.

**KENT INTERMEDIATE SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Kent Intermediate School 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 (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Kent Intermediate School District, it is not intended to and does not present the net position or changes in net position of Kent Intermediate School District.

The District qualifies for low-risk auditee status. Management has utilized the NexSys, Cash Management System and the Grant Auditor Report in preparing the Schedule of Expenditures of Federal Awards.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

| | |
|--|-----------------------------|
| General fund | \$ 4,267,854 |
| Special education fund | 34,056,261 |
| Career services and technical education fund | <u>2,005,966</u> |
| Total federal revenue in the fund financial statements | 40,330,081 |
| Less: Federal assistance funding not subject to single audit act | <u>(11,148)</u> |
| Expenditures per schedule of expenditures of federal awards | <u><u>\$ 40,318,933</u></u> |

NOTE 3 - SUBRECIPIENTS

Of the federal expenditures presented in the Schedule of Expenditures of Federal Awards, Kent Intermediate School District provided federal awards to subrecipients reported in the enclosed schedule of pass-through amounts.



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

To the Board of Education
Kent Intermediate School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kent Intermediate School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Kent Intermediate School District's basic financial statements, and have issued our report thereon dated October 23, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Maney Costeiran PC

October 23, 2024



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

To the Board of Education
Kent Intermediate School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Kent Intermediate School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Kent Intermediate School District's major federal programs for the year ended June 30, 2024. Kent Intermediate School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Maney Costeiran PC

October 23, 2024

**KENT INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

Section I - Summary of Auditor's Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes None
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None reported

Noncompliance material to financial statements noted?

Yes None

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes None
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None reported

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

Unmodified

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

Yes No

Identification of major programs:

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

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

\$ 1,209,568

Auditee qualified as low-risk auditee?

Yes No

Section II - Financial Statement Findings

None noted.

Section III - Federal Award Findings and Questioned Costs

None noted.

**KENT INTERMEDIATE SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024**

There were no findings for the year ended June 30, 2023.