



Year Ended
June 30, 2025

Financial
Statements

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JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	5
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements:	
Balance Sheet – Governmental Funds	18
Reconciliation – Fund Balances of Governmental Funds to Net Position of Governmental Activities	21
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	22
Reconciliation – Net Changes in Fund Balances of Governmental Funds to Change in Net Position of Governmental Activities	25
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
General Fund	26
Special Education Special Revenue Fund	28
Career Technical Education Special Revenue Fund	30
Statement of Net Position – Proprietary Funds	32
Statement of Revenues, Expenses and Change in Fund Net Position – Proprietary Funds	33
Statement of Cash Flows – Proprietary Funds	34
Notes to Financial Statements	35
Required Supplementary Information	
MPERS Cost-Sharing Multiple-Employer Plan:	
Schedule of the District's Proportionate Share of the Net Pension Liability	66
Schedule of the District's Pension Contributions	68
Schedule of the District's Proportionate Share of the Net Other Postemployment Benefit (Asset) Liability	70
Schedule of the District's Other Postemployment Benefit Contributions	72
Notes to Required Supplementary Information	74
Combining Fund Financial Statements	
Combining Balance Sheet – Nonmajor Governmental Funds	78
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	80



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INDEPENDENT AUDITORS' REPORT

October 24, 2025

Board of Education
Jackson County Intermediate School District
Jackson, Michigan

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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



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

Independent Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued, under separate cover, our report dated October 24, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Management's Discussion and Analysis

Jackson County Intermediate School District (the "District"), is one of Michigan's 56 intermediate school districts, created by the state legislature in 1962 to provide regional services to local schools. The District provides direct or indirect services to the approximately 22,000 students in Jackson County from all 12 public school districts, 3 local charter schools and various parochial schools in the County. These include special education services, professional development and curriculum support for teachers and administrative staff throughout the County, career and technical education through the Jackson Area Career Center, technology services, pupil accounting and other student information services, business functions, and many more.

As management of the District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2025. The management's discussion and analysis is provided at the beginning of the audit to provide an overview of the past and current position of the District's financial condition. This summary should not be taken as a replacement for the complete set of audited financial statements and other supplemental information that presents in greater detail the District's revenues and expenditures by program and fund.

Financial Highlights

• Total net position	\$ 2,770,037
• Change in total net position	24,917,210
• Fund balances, governmental funds	53,183,850
• Change in fund balances, governmental funds	8,599,735
• Unassigned fund balance, general fund	4,961,590
• Change in fund balance, general fund	329,762
• School building and site bonds	(5,585,000)
• Change in school building and site bonds	(250,000)

Overview of the Financial Statements

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

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. They provide a clear picture of the District as a single, unified entity, and complement rather than replace traditional fund-based financial statements.

The *statement of net position* presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual balance reported as net position. Net position should be understood as a measure of "net worth" rather than as a measure of expendable, available resources. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Management's Discussion and Analysis

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

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, supporting services and community services. The District had no business-type activities during the year.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds as opposed to the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as local taxes or federal grants). The District has two kinds of funds:

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

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

The District maintains four major operating governmental funds – the General Fund, the Special Education Fund, the Career Technical Education Fund, and the Recurring Projects Fund. Information for these is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances. The District adopts annual appropriated budgets for the General Fund and special revenue funds. A budgetary comparison statement has been provided for the General Fund and major special revenue funds to demonstrate compliance with their budgets.

Proprietary Fund. In the internal service fund, the District charges fees to allocate the cost of certain technology services it provides.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Management's Discussion and Analysis

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

The District's audit firm has provided assurance in its independent auditors' report, located immediately preceding this management's discussion and analysis, that the basic financial statements are fairly stated. The other information identified above has varying degrees of assurance as provided by the audit firm. A user of this report should read the independent auditors' report carefully to ascertain the level of assurance being provided for each of the other parts in these sections.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$2,770,037 at the close of the most recent fiscal year.

	Net Position	
	Governmental Activities	
	2025	2024
Current and other assets	\$ 91,998,415	\$ 68,094,666
Capital assets, net	46,604,299	45,556,032
Total assets	138,602,714	113,650,698
Deferred outflows of resources	38,540,569	47,311,113
Long-term liabilities	103,945,389	131,671,557
Other liabilities	18,321,923	17,922,014
Total liabilities	122,267,312	149,593,571
Deferred inflows of resources	52,105,934	33,515,413
Net position:		
Net investment in capital assets	39,806,758	37,832,836
Restricted	64,977,590	41,775,309
Unrestricted (deficit)	(102,014,311)	(101,755,318)
Total net position	\$ 2,770,037	\$ (22,147,173)

The District is required to report its proportionate share of the MPSERS net pension liability and net other postemployment benefit asset on the statement of net position. This results in a total net position of governmental activities of \$2,770,037. Of this amount, \$(102,014,311) is unrestricted net position (deficit) and \$64,977,590 represents resources that are subject to external restrictions on how they may be used. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Management's Discussion and Analysis

The results of this year's operations for the District as a whole are reported in the statement of activities. The following table takes the information from that statement and rearranges them slightly to show the change in net position for the year which was an increase of \$24,917,210. In the following table the reader can also easily see the District's total revenues for the year by major source as well as the total expenses for the year by major function.

	Changes in Net Position	
	Governmental Activities	
	2025	2024
Revenues		
Program revenues:		
Charges for services	\$ 158,310	\$ 224,226
Operating grants and contributions	61,069,631	56,334,258
General revenues:		
Property taxes	52,795,980	49,310,791
Unrestricted state aid	2,429,168	2,429,168
Other general revenue	7,848,705	9,410,909
Total revenues	<u>124,301,794</u>	<u>117,709,352</u>
Expenses		
Instruction	24,960,162	26,693,604
Supporting services	49,872,417	53,224,835
Community services	751,572	1,053,525
Payments to other governments	19,516,647	17,887,778
Interest on long-term debt	193,317	197,354
Unallocated depreciation/amortization	4,090,469	2,979,220
Total expenses	<u>99,384,584</u>	<u>102,036,316</u>
Change in net position	24,917,210	15,673,036
Net position, beginning of year	<u>(22,147,173)</u>	<u>(37,820,209)</u>
Net position, end of year	<u>\$ 2,770,037</u>	<u>\$ (22,147,173)</u>

The commitment of the Board of Education and the District's management is to provide effective programs for all students in Jackson County in the most cost efficient manner possible. The District's expenses are predominantly related to instructing (25%), providing services for pupils (50%) and direct payments to local school districts and education providers (20%). Instructional costs relate specifically to providing career and technical education to students of local school districts and to providing special education instruction to other students of local districts. The higher ratio of support services is consistent with the purpose of intermediate school districts, which is to provide support programs to all local school districts in the County in order to more efficiently and effectively educate every student.

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Management's Discussion and Analysis

Analysis of the District's Budget and Operating Results

As previously mentioned, the District has four main operating funds – the General Fund, the Special Education Fund, the Career Technical Education Fund, and the Recurring Projects Fund. The budgets for General Fund, the Special Education Fund, and the Career Technical Education Fund are prepared according to Michigan law.

During the fiscal year ended June 30, 2025, the District amended the budgets of the General, Special Education and Career Technical Education Funds to reflect changes in both revenues and expenditures from the assumptions that were made when the budget was originally developed. A brief review of each fund's performance is provided below.

General Fund. As summarized below, during the 2025 fiscal year the General Fund fund balance increased by \$329,762 to a total of \$5,366,189.

Summary of General Fund Performance			
For the Year Ended June 30, 2025			
	Original Budget	Final Budget	Actual Results
Total revenues and other financing sources	\$ 26,327,415	\$ 27,997,382	\$ 27,886,550
Total expenditures and other financing uses	(26,567,415)	(28,097,382)	(27,556,788)
Net change in fund balance	(240,000)	(100,000)	329,762
Fund balance -			
Beginning of year	5,036,427	5,036,427	5,036,427
End of year	<u>\$ 4,796,427</u>	<u>\$ 4,936,427</u>	<u>\$ 5,366,189</u>

The General Fund revenues and other financing sources final budget was \$1,669,967 larger than its original budget. This was due to higher state funding than expected, particularly related to MPSERS, and larger carryover of federal funding than initially projected.

The General Fund expenditures and other financing uses final budget was \$1,529,967 larger than its original budget. This was due to the pass through of some of the additional MPSERS funds received, higher spending by the Tech Consortium, and a year-end transfer to Capital Projects.

The General Fund actual revenues and other financing sources were \$110,832 less than the final budget which is an extremely small variance of less than 1%.

The General Fund actual expenditures and other financing uses were \$540,594 less than the final budget which is a variance of less than 2%.

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Management's Discussion and Analysis

Special Education Fund. As summarized below, during the 2025 fiscal year the Special Education Fund fund balance increased by \$714,701 to a total of \$9,828,023.

Summary of Special Ed Fund Performance			
For the Year Ended June 30, 2025			
	Original Budget	Final Budget	Actual Results
Total revenues and other financing sources	\$ 77,575,000	\$ 83,499,943	\$ 84,313,182
Total expenditures and other financing uses	(79,135,000)	(84,149,943)	(83,598,481)
Net change in fund balance	(1,560,000)	(650,000)	714,701
Fund balance -			
Beginning of year	9,113,322	9,113,322	9,113,322
End of year	<u>\$ 7,553,322</u>	<u>\$ 8,463,322</u>	<u>\$ 9,828,023</u>

The Special Education Fund revenues and other financing sources final budget was \$5,924,943 larger than its original budget. This was primarily due to significant additional state aid revenue combined with favorable minor variances in medicaid revenue and local property tax revenue.

The Special Education Fund expenditures and other financing uses final budget was \$5,014,943 larger than its original budget. This was due to higher transportation related expenses and a year-end transfer to Capital Projects.

The Special Education Fund actual revenues and other financing sources were \$813,239 larger than the final budget which is a small variance of less than 1%.

The Special Education Fund actual expenditures and other financing uses were \$551,462 less than the final budget which is an extremely small variance of less than 1%.

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Management's Discussion and Analysis

Career Technical Education Fund. As summarized below, during the 2025 fiscal year the Career Technical Education Fund fund balance increased by \$92,586 to a total of \$3,946,046.

Summary of Career Technical Education Fund Performance			
For the Year Ended June 30, 2025			
	Original Budget	Final Budget	Actual Results
Total revenues and other financing sources	\$ 16,115,945	\$ 16,702,687	\$ 16,901,815
Total expenditures and other financing uses	(16,605,945)	(16,972,687)	(16,809,229)
Net change in fund balance	(490,000)	(270,000)	92,586
Fund balance -			
Beginning of year	3,853,460	3,853,460	3,853,460
End of year	<u>\$ 3,363,460</u>	<u>\$ 3,583,460</u>	<u>\$ 3,946,046</u>

The Career Technical Education Fund revenues and other financing uses final budget was \$586,742 larger than its original budget. This was due to a small favorable variance related to local property taxes and some additional state aid, mainly due to MPSERS.

The Career Technical Education Fund expenditures and other financing uses final budget was \$366,742 larger than its original budget. This was primarily due to a year-end transfer to Capital Projects.

The Career Technical Education Fund actual revenues and other financing uses were \$199,128 larger than the final budget which is a small variance of just over 1%.

The Career Technical Education Fund actual expenditures and other financing uses were \$163,458 less than the final budget which is a small variance of less than 1%.

Recurring Projects Fund. During the 2025 fiscal year the Recurring Projects Fund had no revenues, but had transfers in of \$10,000,000. Total expenditures and transfers out of the Recurring Projects Fund for the 2025 fiscal year were \$2,065,414 and \$198,128, respectively. As a result, the fund balance at year-end increased by \$7,736,458 to a total of \$32,397,223, all of which is restricted for capital projects. The purpose of this Fund is to provide the capital necessary for facility renovations and improvements, as well as to purchase major pieces of new equipment whether facility or program related. The major renovation project which created the district's new Central Campus facility (the former Frost School) has been completed. Safety and security projects that will apply some of the learnings from that Central Campus project are underway on the district's South Campus, and in the final planning stages for the district's North Campus. These are both multi-million dollar projects that will be funded out of the Recurring Projects Fund.

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Management's Discussion and Analysis

Capital Assets and Debt Administration

Capital Assets. The District's investment in capital assets increased during the year by \$1,048,267, as summarized below:

	District's Capital Assets (Net of Depreciation/ Amortization)	
	2025	2024
Land	\$ 525,007	\$ 525,007
Construction in progress	1,215,415	22,836,326
Land improvements	1,578,374	1,685,081
Buildings and improvements	35,705,738	14,664,105
Furniture and equipment	3,836,514	2,684,925
Transportation equipment	2,996,212	1,817,685
Subscription assets (Note 11)	747,039	1,342,903
Total capital assets, net	\$ 46,604,299	\$ 45,556,032

The most significant changes in 2025 were the transfer of the new Central Campus facility to Buildings & Improvements from Construction-in-Process and the addition of several new school buses to be used by the district's transportation department. These increases were offset by the annual depreciation/amortization expense of \$4,090,469.

Since most of the District's facilities were originally built 40-50 years ago, they require continued investment to keep them well maintained. The District's capital asset plan is to protect the District's assets from deterioration and to continue to provide an excellent learning environment through the constant and vigilant care of facilities and equipment by the District's maintenance and custodial staffs. In order to ensure this continues into the future, the District utilizes its Recurring Project Fund to provide the necessary funding for major repairs, equipment replacement and facility renovation and improvement projects that would otherwise not be possible relying only upon annual operating budgets without taking on additional debt. Examples of such projects could include chillers, boilers, energy management systems, roofs, parking lots, lighting upgrades, and renovations or reconfiguration of classrooms, special purpose rooms, meeting rooms, and office space throughout the District.

Long-term Debt. The District has long-term bonds of \$5,585,000 outstanding. This bonded indebtedness is attributable to 2021 School Building and Site Bonds that will be used as a portion of the funds required to renovate Frost School which was purchased from the Jackson Public Schools in September 2021, in order to create a new Special Education facility for center based programming located on the new District Central Campus. The District also has an installment purchase agreement for copiers of \$191,937 outstanding.

There is more detailed information about our capital assets and long-term debt in the notes to the financial statements which include other obligations such as the bond premium, accrued compensated absences, installment purchase agreement and the subscriptions liabilities.

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Management's Discussion and Analysis

Factors Bearing on the District's Future

The following section mentions a few of the challenges facing the District (or all Michigan K-12 schools) that potentially have a bearing on the District's future:

- **Special Education Funding:** The District has benefited the past few years from additional funding committed by the State of Michigan to support Special Education. This is something that the broader education community, as well as several independent research studies, had been saying was necessary for quite some time. It is a very welcome development from the District's perspective, and something the District hopes will continue into the future to ensure the District can provide excellent and comprehensive education services to the special needs children we serve in Jackson County for many years to come.
- **Politics and Elections:** The political climate has become quite partisan over the past several years and has led to significant tension at both the federal and state level. Examples of these tensions include the reduction in staffing at the US Department of Education by over 50% in the past few months with additional staffing cuts looming on the horizon, the significant delay this year in establishing the State of Michigan budget for coming fiscal year, and the recent federal government shutdown. The District is hopeful that the political discussion around schools and education will be such that the needs of students are put first by everyone involved.
- **Labor Relations:** The District has had a good working relationship in the past with all of its union partners and employees, and the District expects this labor stability and good working relationship to continue into the future. The District currently has 3 labor agreements that are set to expire on December 31, 2025, and the District is in the process of negotiating new contracts with these represented groups. It is expected that the District and these union groups will reach a mutually agreeable contract settlement before the current contracts expire. Additionally, each year the District makes minor updates to its employee handbook covering the District's administration members who are not represented by any group. This is noted for the readers' information only and not to point out any expected issue or concern.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, please contact Mr. Kevin Oxley, Superintendent, or Mr. Roger Auwers, Director of Finance and Operations at 517-768-5200.

BASIC FINANCIAL STATEMENTS

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Statement of Net Position

June 30, 2025

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 58,785,066
Investments	1,164,492
Receivables	14,099,890
Prepaid items and other assets	785,656
Net other postemployment benefit asset	17,163,311
Capital assets not being depreciated/amortized	1,740,422
Capital assets being depreciated/amortized, net	44,863,877
Total assets	138,602,714
Deferred outflows of resources	
Deferred pension amounts	33,318,401
Deferred other postemployment benefit amounts	5,222,168
Total deferred outflows of resources	38,540,569
Liabilities	
Accounts payable and accrued liabilities	12,233,750
Unearned revenue	6,088,173
Bonds, notes and other long-term liabilities:	
Due within one year	975,686
Due in more than one year	6,127,702
Net pension liability (due in more than one year)	96,842,001
Total liabilities	122,267,312
Deferred inflows of resources	
Deferred pension amounts	26,893,464
Deferred other postemployment benefit amounts	22,211,203
Deferred lease amounts	3,001,267
Total deferred inflows of resources	52,105,934
Net position	
Net investment in capital assets	39,806,758
Restricted for:	
Net other postemployment benefit asset	17,163,311
Special education	9,828,023
Career technical education	3,947,946
Training assistance	900,163
Scholarships/memorials	20,585
Capital projects	33,117,562
Unrestricted (deficit)	(102,014,311)
Total net position	\$ 2,770,037

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

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Statement of Activities

For the Year Ended June 30, 2025

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Governmental activities				
Instruction	\$ 24,960,162	\$ -	\$ 41,901,901	\$ 16,941,739
Supporting services	49,872,417	158,310	19,167,730	(30,546,377)
Community services	751,572	-	-	(751,572)
Payments to other governments	19,516,647	-	-	(19,516,647)
Interest on long-term debt	193,317	-	-	(193,317)
Unallocated depreciation/amortization	4,090,469	-	-	(4,090,469)
Total governmental activities	<u>\$ 99,384,584</u>	<u>\$ 158,310</u>	<u>\$ 61,069,631</u>	<u>(38,156,643)</u>
General revenues				
Property taxes				52,795,980
Unrestricted state aid				2,429,168
Grants and contributions not restricted to specific programs				6,204,000
Unrestricted earnings on investment and deposits				<u>1,644,705</u>
Total general revenues				<u>63,073,853</u>
Change in net position				24,917,210
Net position (deficit), beginning of year				<u>(22,147,173)</u>
Net position, end of year				<u>\$ 2,770,037</u>

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

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Balance Sheet

Governmental Funds

June 30, 2025

	General	Special Education	Career Technical Education
Assets			
Cash and cash equivalents	\$ 18,014,753	\$ 25,423,362	\$ 13,364,528
Investments	-	190,394	966,021
Due from other governments	3,502,550	6,884,301	631,515
Leases receivable	-	16,333	-
Due from other funds	13,575	-	-
Prepaid items	209,096	9,100	5,745
Land and buildings held for resale	-	-	561,715
Total assets	\$ 21,739,974	\$ 32,523,490	\$ 15,529,524
Liabilities			
Accounts payable	\$ 1,073,967	\$ 276,479	\$ 129,419
Salaries payable	310,383	4,118,933	632,383
Accrued liabilities	362,809	2,528,738	351,143
Due to other governments	291,716	1,022,420	173,453
Due to other funds	8,237,972	14,702,305	10,285,387
Unearned revenue	5,978,121	30,259	9,793
Total liabilities	16,254,968	22,679,134	11,581,578
Deferred inflows of resources			
Unavailable receivables	118,817	-	1,900
Deferred lease amounts	-	16,333	-
Total deferred inflows of resources	118,817	16,333	1,900
Fund balances			
Nonspendable -			
Prepaid items	209,096	9,100	5,745
Restricted for:			
Special education	-	9,818,923	-
Career technical education	-	-	3,940,301
Training assistance	-	-	-
Scholarships/memorials	-	-	-
Capital projects:			
Projects	-	-	-
Technology	-	-	-
Committed -			
Student/school activities	-	-	-
Assigned:			
Technical consortium	169,069	-	-
Challenge day	26,434	-	-
Unassigned	4,961,590	-	-
Total fund balances	5,366,189	9,828,023	3,946,046
Total liabilities, deferred inflows of resources and fund balances	\$ 21,739,974	\$ 32,523,490	\$ 15,529,524

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

Recurring Projects	Nonmajor Governmental Funds	Totals
\$ -	\$ 1,696,481	\$ 58,499,124
-	-	1,156,415
-	80,257	11,098,623
-	2,984,934	3,001,267
33,225,664	-	33,239,239
-	-	223,941
-	-	561,715
<u>\$ 33,225,664</u>	<u>\$ 4,761,672</u>	<u>\$ 107,780,324</u>
\$ 828,441	\$ 46,554	\$ 2,354,860
-	-	5,061,699
-	-	3,242,690
-	-	1,487,589
-	13,575	33,239,239
-	70,000	6,088,173
<u>828,441</u>	<u>130,129</u>	<u>51,474,250</u>
-	240	120,957
-	2,984,934	3,001,267
<u>-</u>	<u>2,985,174</u>	<u>3,122,224</u>
-	-	223,941
-	-	9,818,923
-	-	3,940,301
-	899,923	899,923
-	20,585	20,585
32,397,223	-	32,397,223
-	720,339	720,339
-	5,522	5,522
-	-	169,069
-	-	26,434
-	-	4,961,590
<u>32,397,223</u>	<u>1,646,369</u>	<u>53,183,850</u>
<u>\$ 33,225,664</u>	<u>\$ 4,761,672</u>	<u>\$ 107,780,324</u>

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JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Reconciliation

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

Fund balances - total governmental funds	\$ 53,183,850
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Amounts reported for *governmental activities* in the statement of net position are different because:

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

Capital assets not being depreciated/amortized	1,740,422
Capital assets being depreciated/amortized, net	44,863,877

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current period expenditures. Those assets are offset by deferred inflows in the governmental funds and not in fund balance.

Unavailable receivables	120,957
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Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position.

Net position of governmental activities accounted for in internal service funds	294,019
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Certain liabilities, such as bonds, notes, and other long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.

Bonds, notes and other long-term liabilities	(6,263,089)
Deferred issuance premium	(534,452)
Compensated absences	(305,847)
Claims payable	(59,244)
Accrued interest payable on bonds payable	(27,668)

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

Net pension liability	(96,842,001)
Deferred outflows related to the net pension liability	33,318,401
Deferred inflows related to the net pension liability	(26,893,464)
Net other postemployment benefit asset	17,163,311
Deferred outflows related to the net other postemployment benefit asset	5,222,168
Deferred inflows related to the net other postemployment benefit asset	(22,211,203)

Net position of governmental activities	<u>\$ 2,770,037</u>
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The accompanying notes are an integral part of these financial statements.

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2025

	General	Special Education	Career Technical Education
Revenues			
Local sources	\$ 7,579,124	\$ 42,924,456	\$ 13,849,058
State sources	13,992,992	33,576,464	2,658,356
Federal sources	1,139,841	7,661,966	330,980
Total revenues	<u>22,711,957</u>	<u>84,162,886</u>	<u>16,838,394</u>
Expenditures			
Current:			
Instruction	226,550	21,975,302	7,637,640
Supporting services	17,322,599	39,796,855	3,932,826
Community services	435,524	126,437	310,456
Student/school activity	-	-	-
Payments to other governments	7,042,017	12,224,770	249,860
Debt service:			
Principal	763,085	35,388	18,371
Interest and fiscal charges	28,999	10,873	10,076
Capital outlay:			
Technology capital improvements	174,593	-	-
Building and site improvements	-	-	-
Total expenditures	<u>25,993,367</u>	<u>74,169,625</u>	<u>12,159,229</u>
Revenues over (under) expenditures	<u>(3,281,410)</u>	<u>9,993,261</u>	<u>4,679,165</u>
Other financing sources (uses)			
Issuance of other long-term liabilities	174,593	-	-
Transfers in	5,000,000	150,296	63,421
Transfers out	(1,563,421)	(9,428,856)	(4,650,000)
Total other financing sources (uses)	<u>3,611,172</u>	<u>(9,278,560)</u>	<u>(4,586,579)</u>
Net change in fund balances	<u>329,762</u>	<u>714,701</u>	<u>92,586</u>
Fund balances, beginning of year	<u>5,036,427</u>	<u>9,113,322</u>	<u>3,853,460</u>
Fund balances, end of year	<u>\$ 5,366,189</u>	<u>\$ 9,828,023</u>	<u>\$ 3,946,046</u>

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



Recurring Projects	Nonmajor Governmental Funds	Totals
\$ -	\$ 389,527	\$ 64,742,165
-	83,253	50,311,065
-	-	9,132,787
-	472,780	124,186,017
-	-	29,839,492
2,065,414	102,241	63,219,935
-	-	872,417
-	12,087	12,087
-	-	19,516,647
-	250,000	1,066,844
-	178,856	228,804
-	632,212	806,805
-	197,844	197,844
2,065,414	1,373,240	115,760,875
(2,065,414)	(900,460)	8,425,142
-	-	174,593
10,000,000	626,984	15,840,701
(198,128)	(296)	(15,840,701)
9,801,872	626,688	174,593
7,736,458	(273,772)	8,599,735
24,660,765	1,920,141	44,584,115
\$ 32,397,223	\$ 1,646,369	\$ 53,183,850

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JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Reconciliation

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

Net change in fund balances - total governmental funds **\$ 8,599,735**

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 as depreciation/amortization expense.

Capital assets purchased/constructed and assets leased	5,202,034
Depreciation/amortization expense	(4,090,469)
Loss on disposal of capital assets	(63,298)

The receipt of a long-term receivable represents revenue in the fund financial statements, but is reported as a reduction of the receivable in the statement of activities.

Change in deferred inflows for unavailable receivables	106,957
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Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases bonds, notes and other long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces bonds, notes and other long-term liabilities in the statement of net position.

Principal payments on bonds, notes and other long-term liabilities	1,066,844
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Change in the net pension liability and related deferred amounts	7,624,410
Change in the net other postemployment benefit asset and related deferred amounts	6,592,751
Amortization of deferred issuance premium	33,404
Change in the accrual for compensated absences	46,530
Change in the accrual for claims payable	(7,098)
Change in accrued interest payable on bonds	2,083

Internal service funds are used by management to charge the costs of certain activities, as insurance and other centralized costs, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

Change in net position from governmental activities accounted for in internal service funds	(22,080)
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Change in net position of governmental activities **\$ 24,917,210**

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

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended June 30, 2025

With Comparative Actual Amounts for the Year Ended June 30, 2024

	2025				2024 Actual
	Original Budget	Final Budget	Actual	Over (Under) Final Budget	
Revenues					
Local sources:					
Property tax levy	\$ 2,010,000	\$ 1,903,500	\$ 1,905,929	\$ 2,429	\$ 2,098,124
Earnings on investments and deposits	330,000	480,000	499,288	19,288	405,289
Rentals	10,020	9,270	8,685	(585)	10,195
Other	5,393,600	5,190,405	5,165,222	(25,183)	6,074,881
Total local sources	7,743,620	7,583,175	7,579,124	(4,051)	8,588,489
State sources:					
State school aid - unrestricted	2,430,000	2,429,168	2,429,168	-	2,429,168
State school aid - restricted	10,568,795	11,506,974	11,528,775	21,801	10,280,543
Other	40,000	35,049	35,049	-	40,384
Total state sources	13,038,795	13,971,191	13,992,992	21,801	12,750,095
Federal sources:					
Title I	250,000	451,336	394,466	(56,870)	546,255
Other	295,000	991,680	745,375	(246,305)	597,081
Total federal sources	545,000	1,443,016	1,139,841	(303,175)	1,143,336
Total revenues	21,327,415	22,997,382	22,711,957	(285,425)	22,481,920
Expenditures					
Current:					
Instruction -					
Instructional basic	122,860	206,201	226,550	20,349	127,019
Supporting services:					
Pupil support	1,154,790	1,273,856	1,263,480	(10,376)	1,430,344
Instructional support	5,047,728	4,771,019	4,666,101	(104,918)	4,140,389
General administration	653,207	700,960	697,844	(3,116)	643,974
Business services	3,175,231	3,168,606	3,093,387	(75,219)	2,961,398
Operations and maintenance	590,364	595,118	536,494	(58,624)	568,852
Central services	8,511,547	8,383,794	7,065,293	(1,318,501)	7,980,303
Total supporting services	19,132,867	18,893,353	17,322,599	(1,570,754)	17,725,260
Community services	439,891	461,548	435,524	(26,024)	439,417
Payments to other governments	6,644,502	7,464,889	7,042,017	(422,872)	6,121,193
Debt service:					
Principal	6,500	5,150	763,085	757,935	692,525
Interest and fiscal charges	1,000	2,820	28,999	26,179	35,553
Total debt service	7,500	7,970	792,084	784,114	728,078
Capital outlay	-	-	174,593	174,593	-
Total expenditures	26,347,620	27,033,961	25,993,367	(1,040,594)	25,140,967
Revenues under expenditures	(5,020,205)	(4,036,579)	(3,281,410)	755,169	(2,659,047)

continued...

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended June 30, 2025

With Comparative Actual Amounts for the Year Ended June 30, 2024

	2025				2024 Actual
	Original Budget	Final Budget	Actual	Over (Under) Final Budget	
Other financing sources (uses)					
Issuance of other long-term liabilities	\$ -	\$ -	\$ 174,593	\$ 174,593	\$ 32,830
Transfers in	5,000,000	5,000,000	5,000,000	-	5,000,000
Transfers out	(219,795)	(1,063,421)	(1,563,421)	500,000	(1,274,600)
Total other financing sources (uses)	<u>4,780,205</u>	<u>3,936,579</u>	<u>3,611,172</u>	<u>(325,407)</u>	<u>3,758,230</u>
Net change in fund balance	(240,000)	(100,000)	329,762	429,762	1,099,183
Fund balance, beginning of year	<u>5,036,427</u>	<u>5,036,427</u>	<u>5,036,427</u>	-	<u>3,937,244</u>
Fund balance, end of year	<u>\$ 4,796,427</u>	<u>\$ 4,936,427</u>	<u>\$ 5,366,189</u>	<u>\$ 429,762</u>	<u>\$ 5,036,427</u>

concluded.

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

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Special Education Special Revenue Fund

For the Year Ended June 30, 2025

With Comparative Actual Amounts for the Year Ended June 30, 2024

	2025				2024 Actual
	Original Budget	Final Budget	Actual	Over (Under) Final Budget	
Revenues					
Local sources:					
Property taxes	\$ 37,300,000	\$ 37,900,000	\$ 37,944,646	\$ 44,646	\$ 35,202,728
Earnings on investments and deposits	706,000	750,000	744,811	(5,189)	939,702
Contributions	11,000	6,550	6,035	(515)	5,411
Medicaid fee for service	3,300,000	4,027,300	4,027,186	(114)	3,171,854
Rentals	48,000	24,000	36,000	12,000	48,000
Other	71,000	164,472	165,778	1,306	278,848
Total local sources	41,436,000	42,872,322	42,924,456	52,134	39,646,543
State sources:					
State school aid - restricted	27,071,000	31,731,080	32,391,743	660,663	29,475,659
Other	1,165,000	1,178,740	1,184,721	5,981	1,199,749
Total state sources	28,236,000	32,909,820	33,576,464	666,644	30,675,408
Federal sources:					
Title I	150,000	139,901	138,159	(1,742)	147,568
IDEA flowthrough	6,800,000	6,408,308	6,493,131	84,823	6,499,116
Preschool incentive	249,000	243,108	247,118	4,010	246,062
Infant and toddler early intervention	205,000	205,079	212,026	6,947	200,428
State initiated	349,000	562,301	562,428	127	433,507
Other	-	9,104	9,104	-	232,100
Total federal sources	7,753,000	7,567,801	7,661,966	94,165	7,758,781
Total revenues	77,425,000	83,349,943	84,162,886	812,943	78,080,732
Expenditures					
Current:					
Instruction -					
Added needs - special education	23,096,416	22,694,105	21,975,302	(718,803)	20,937,319
Supporting services:					
Pupil support	24,442,533	24,138,875	23,800,854	(338,021)	22,374,746
Instructional support	4,895,687	4,807,994	4,847,673	39,679	4,932,860
School administration	496,019	512,952	511,383	(1,569)	490,679
Business services	225,000	125,000	142,551	17,551	108,154
Operations and maintenance	2,411,513	2,597,178	2,626,521	29,343	2,414,083
Transportation	6,010,480	7,463,499	7,298,930	(164,569)	5,397,125
Central services	430,259	508,778	568,943	60,165	529,923
Total supporting services	38,911,491	40,154,276	39,796,855	(357,421)	36,247,570
Community services	283,036	120,953	126,437	5,484	286,211
Payments to other governments	12,327,551	12,224,803	12,224,770	(33)	11,503,659
Debt service:					
Principal	18,000	17,650	35,388	17,738	29,552
Interest and fiscal charges	3,000	9,650	10,873	1,223	4,855
Total debt service	21,000	27,300	46,261	18,961	34,407
Total expenditures	74,639,494	75,221,437	74,169,625	(1,051,812)	69,009,166
Revenues over expenditures	2,785,506	8,128,506	9,993,261	1,864,755	9,071,566

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JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Special Education Special Revenue Fund
For the Year Ended June 30, 2025
With Comparative Actual Amounts for the Year Ended June 30, 2024

	2025				2024 Actual
	Original Budget	Final Budget	Actual	Over (Under) Final Budget	
Other financing sources (uses)					
Issuance of other long-term liabilities	\$ -	\$ -	\$ -	\$ -	\$ 112,545
Transfers in	150,000	150,000	150,296	296	150,000
Transfers out	(4,495,506)	(8,928,506)	(9,428,856)	500,350	(8,725,606)
Total other financing sources (uses)	<u>(4,345,506)</u>	<u>(8,778,506)</u>	<u>(9,278,560)</u>	<u>(500,054)</u>	<u>(8,463,061)</u>
Net change in fund balance	(1,560,000)	(650,000)	714,701	1,364,701	608,505
Fund balance, beginning of year	<u>9,113,322</u>	<u>9,113,322</u>	<u>9,113,322</u>	-	<u>8,504,817</u>
Fund balance, end of year	<u><u>\$ 7,553,322</u></u>	<u><u>\$ 8,463,322</u></u>	<u><u>\$ 9,828,023</u></u>	<u><u>\$ 1,364,701</u></u>	<u><u>\$ 9,113,322</u></u>

concluded.

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

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Career Technical Education Special Revenue Fund

For the Year Ended June 30, 2025

With Comparative Actual Amounts for the Year Ended June 30, 2024

	2025				2024 Actual
	Original Budget	Final Budget	Actual	Over (Under) Final Budget	
Revenues					
Local sources:					
Property taxes	\$ 12,700,000	\$ 12,930,000	\$ 12,945,405	\$ 15,405	\$ 12,009,939
Tuition	210,000	157,000	158,310	1,310	224,226
Earnings on investments and deposits	300,000	320,000	359,032	39,032	394,428
Other	289,000	378,087	386,311	8,224	890,928
Total local sources	13,499,000	13,785,087	13,849,058	63,971	13,519,521
State sources:					
State school aid - restricted	1,870,250	2,303,799	2,438,929	135,130	2,436,582
Other	255,000	219,400	219,427	27	252,826
Total state sources	2,125,250	2,523,199	2,658,356	135,157	2,689,408
Federal sources -					
Perkins	416,900	330,980	330,980	-	416,937
Total revenues	16,041,150	16,639,266	16,838,394	199,128	16,625,866
Expenditures					
Current:					
Instruction -					
Basic programs - vocational education	8,202,115	7,919,487	7,637,640	(281,847)	7,751,709
Supporting services:					
Pupil support	1,304,062	1,242,530	1,225,087	(17,443)	1,152,324
Instructional support	90,153	18,272	18,005	(267)	48,727
School administration	942,840	971,946	962,896	(9,050)	933,900
Business services	83,000	55,000	67,122	12,122	41,406
Operations and maintenance	1,255,603	1,239,299	1,199,687	(39,612)	1,279,657
Transportation	41,149	108,154	100,885	(7,269)	77,551
Central services	346,607	367,167	359,144	(8,023)	557,064
Total supporting services	4,063,414	4,002,368	3,932,826	(69,542)	4,090,629
Community services	298,916	306,182	310,456	4,274	380,772
Payments to other governments	286,500	273,000	249,860	(23,140)	262,926
Debt service:					
Principal	12,000	14,000	18,371	4,371	7,151
Interest and fiscal charges	2,000	7,650	10,076	2,426	1,701
Total debt service	14,000	21,650	28,447	6,797	8,852
Total expenditures	12,864,945	12,522,687	12,159,229	(363,458)	12,494,888
Revenues over expenditures	3,176,205	4,116,579	4,679,165	562,586	4,130,978

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JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Career Technical Education Special Revenue Fund

For the Year Ended June 30, 2025

With Comparative Actual Amounts for the Year Ended June 30, 2024

	2025				2024 Actual
	Original Budget	Final Budget	Actual	Over (Under) Final Budget	
Other financing sources (uses)					
Issuance of other long-term liabilities	\$ -	\$ -	\$ -	\$ -	\$ 89,096
Transfers in	74,795	63,421	63,421	-	74,600
Transfers out	(3,741,000)	(4,450,000)	(4,650,000)	200,000	(4,350,000)
Total other financing sources (uses)	<u>(3,666,205)</u>	<u>(4,386,579)</u>	<u>(4,586,579)</u>	<u>(200,000)</u>	<u>(4,186,304)</u>
Net change in fund balance	(490,000)	(270,000)	92,586	362,586	(55,326)
Fund balance, beginning of year	<u>3,853,460</u>	<u>3,853,460</u>	<u>3,853,460</u>	<u>-</u>	<u>3,908,786</u>
Fund balance, end of year	<u>\$ 3,363,460</u>	<u>\$ 3,583,460</u>	<u>\$ 3,946,046</u>	<u>\$ 362,586</u>	<u>\$ 3,853,460</u>

concluded.

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

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Statement of Net Position

Proprietary Funds
June 30, 2025

	Governmental Activities
	Internal Service Fund
Assets	
Cash and cash equivalents	\$ 285,942
Investments	8,077
Total assets	294,019
Net position	
Unrestricted	\$ 294,019

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

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Statement of Revenues, Expenses and Change in Fund Net Position

Proprietary Funds

For the Year Ended June 30, 2025

	Governmental Activities
	Internal Service Fund
Operating expenses	
Supporting services	<u>\$ 30,900</u>
Operating loss	(30,900)
Nonoperating revenues	
Interest revenue	<u>8,820</u>
Change in net position	(22,080)
Net position, beginning of year	<u>316,099</u>
Net position, end of year	<u><u>\$ 294,019</u></u>

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

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2025

	Governmental Activities
	Internal Service Fund
Cash flows from operating activities	
Cash payments for goods and services	<u>\$ (30,900)</u>
Cash flows from investing activities	
Interest received	<u>8,820</u>
Net change in cash and cash equivalents	(22,080)
Cash and cash equivalents, beginning of year	<u>316,099</u>
Cash and cash equivalents, end of year	<u><u>\$ 294,019</u></u>
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	<u>\$ (30,900)</u>
Net cash used in operating activities	<u><u>\$ (30,900)</u></u>

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

NOTES TO FINANCIAL STATEMENTS

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

Government-wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

Property taxes, intergovernmental revenue, 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

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

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

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

The *recurring projects capital project fund* is used to account for and report financial resources that are restricted, committed or assigned to expenditure for improvements and projects funded by the general fund, special education fund, and career technical education fund.

Additionally, the District reports the following fund types:

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

The *debt service fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

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

The *internal service fund* is used to account for the financing of services provided by one department to other departments or agencies of the District on a cost reimbursement basis.

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

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

Deposits and Investments

The District's cash and 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.

The District participates in an external investment pool. The District's shares of this investment are recorded at amortized cost, which approximates fair value. Other investments of the District are reported at fair value.

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non current portion of interfund loans).

Prepays

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

Land and Buildings held for Resale

Land and buildings held for resale consists of \$561,715 in the Career Technical Education Fund and are valued at the lower of cost or net realizable value.

Capital Assets

Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years or computer equipment with an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition cost at the date of donation.

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

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

	Years
Land improvements	5-40
Buildings and improvements	50
Furniture and equipment	5-20
Transportation equipment	5-10

Deferred Outflows of Resources

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

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

Compensated Absences

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

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities 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. Bonds payable are reported net of the applicable bond premium or discount.

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 in 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 proceeds received, are reported as debt service expenditures.

Leases

Lessor. The District is a lessor for noncancellable leases of classrooms and broadband licenses. 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 lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for prepaid lease payments received at lease inception. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses 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 noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

Subscription-Based Information Technology Arrangements (SBITA)

The District has noncancellable subscription-based information technology arrangements. The District recognizes a subscription liability and an intangible right-to-use subscription asset in the government-wide financial statements. The District recognizes subscription liabilities with an initial, individual value of \$10,000 or more.

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

Key estimates and judgments related to subscriptions include how the District determines (1) the discount rate it uses to discount the expected subscription vendor payments to present value, (2) subscription term, and (3) subscription payments. The District uses the interest rate charged by the subscription vendor as the discount rate. When the interest rate charged by the subscription vendor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for subscriptions. The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price (if applicable) that the District is reasonably certain to exercise.

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

Deferred Inflows of Resources

In addition to liabilities, the balance sheet 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 governmental funds report unavailable revenues, which arise only under the modified accrual basis of accounting, from receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. These amounts are not deferred in the government-wide financial statements, which are reflected on the accrual basis of accounting. The District also reports deferred inflows of resources related to the net pension liability and the net other postemployment benefit asset. Finally, the statements of net position and governmental funds balance sheets report deferred inflows related to leases. The amounts are deferred and amortized over the remaining life of the lease.

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

Fund Equity

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

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

Pensions and Other Postemployment Benefits

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

2. BUDGETARY INFORMATION

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

The Board of Education has adopted a fund balance policy to maintain fund balance for certain funds in ranges as follows: general fund (15-20%), special education special revenue fund (4-6%), and career technical education special revenue fund (20-25%). If the fund balance is less than or greater than the targeted amount, an explanation addressing the conditions that exist and steps to be taken to move toward the target range must be provided to the Board.

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Budget to actual comparisons for the general fund and each major special revenue fund are presented in the fund financial statements at the legal level of budgetary control. Expenditures in excess of appropriations for the year ended June 30, 2025, are as follows:

	Total Appropriation	Amount of Expenditures	Budget Variance
General fund			
Current:			
Instruction -			
Instructional basic	\$ 206,201	\$ 226,550	\$ 20,349
Debt service:			
Principal	5,150	763,085	757,935
Interest and fiscal charges	2,820	28,999	26,179
Capital outlay	-	174,593	174,593
Transfers out	1,063,421	1,563,421	500,000
Special education fund			
Current:			
Supporting services:			
Instructional support	4,807,994	4,847,673	39,679
Business services	125,000	142,551	17,551
Operations and maintenance	2,597,178	2,626,521	29,343
Central services	508,778	568,943	60,165
Community services	120,953	126,437	5,484
Debt service:			
Principal	17,650	35,388	17,738
Interest and fiscal charges	9,650	10,873	1,223
Transfers out	8,928,506	9,428,856	500,350
Career technical education fund			
Current:			
Supporting services -			
Business services	55,000	67,122	12,122
Community services	306,182	310,456	4,274
Debt service:			
Principal	14,000	18,371	4,371
Interest and fiscal charges	7,650	10,076	2,426
Transfers out	4,450,000	4,650,000	200,000

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

4. DEPOSITS AND INVESTMENTS

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

Statement of Net Position

Cash and cash equivalents	\$ 58,785,066
Investments	<u>1,164,492</u>

Total	<u>\$ 59,949,558</u>
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Deposits and investments

Bank deposits (checking and savings accounts)	\$ 58,785,066
Investments	<u>1,164,492</u>

Total	<u>\$ 59,949,558</u>
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Statutory Authority

State statutes authorize the District to invest in:

- a. Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State. In a primary or fourth class school district, the bonds, bills, or notes shall be payable at the option of the holder upon not more than 90 days notice or, if not so payable, shall have maturity dates not more than 5 years after the purchase dates.
- b. Certificates of deposit insured by a State or national bank, savings accounts of a state or federal savings and loan association, or certificates of deposit or share certificates of a state or federal credit union organized and authorized to operate in this State.
- c. Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
- d. Securities issued or guaranteed by agencies or instrumentalities of the United States government or federal agency obligation repurchase agreements, and bankers' acceptance issued by a bank that is a member of the federal deposit insurance corporation.
- e. Mutual funds composed entirely of investment vehicles that are legal for direct investment by a school district.
- f. Investment pools, as authorized by the surplus funds investment pool act, composed entirely of instruments that are legal for direct investment by a school district.

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

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

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

Deposit / Investment	Maturity	Amortized Cost/ Fair Value	Rating
U.S. Government Money Market Funds	n/a	\$ 530,950	S&P - AAAM
Michigan Liquid Asset Fund	n/a	442,212	S&P - AAAM
Local government investment pool (J Fund)	n/a	<u>191,330</u>	n/a
		<u>\$ 1,164,492</u>	

Deposit and Investment Risk

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

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments above. The District's investment policy does not have specific limits in excess of state law on investment credit risk. The ratings for each investment are identified above for investments held at year end.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. State law does not require and the District does not have a policy for deposit custodial credit risk. As of year end, \$3,260,234 of the District's bank balance of \$59,646,728 was exposed to custodial credit risk because it was uninsured and uncollateralized.

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

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

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

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

The District's only recurring fair value measurements as of June 30, 2025, were related to its investments in U.S. Government Money Market Funds. These investments are valued using quoted market pricing of the underlying securities (Level 1 inputs).

5. RECEIVABLES

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

	General	Special Education	Career Technical Education	Nonmajor Governmental Funds	Total
Due from other governments	\$ 3,502,550	\$ 6,884,301	\$ 631,515	\$ 80,257	\$ 11,098,623
Leases receivable (Note 10)	-	16,333	-	2,984,934	3,001,267
	<u>\$ 3,502,550</u>	<u>\$ 6,900,634</u>	<u>\$ 631,515</u>	<u>\$ 3,065,191</u>	<u>\$ 14,099,890</u>
Amounts not expected to be collected within one year	\$ -	\$ 2,333	\$ -	\$ 2,889,356	\$ 2,891,689

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

6. CAPITAL ASSETS

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

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets not being depreciated/amortized:					
Land	\$ 525,007	\$ -	\$ -	\$ -	\$ 525,007
Construction in progress	22,836,326	2,205,805	-	(23,826,716)	1,215,415
	<u>23,361,333</u>	<u>2,205,805</u>	<u>-</u>	<u>(23,826,716)</u>	<u>1,740,422</u>
Capital assets, being depreciated/amortized:					
Land improvements	3,089,648	-	-	-	3,089,648
Buildings and improvements	37,633,079	536,579	-	22,587,434	60,757,092
Furniture and equipment	5,321,424	618,117	(208,705)	1,239,282	6,970,118
Transportation equipment	3,818,892	1,666,940	(345,075)	-	5,140,757
Subscription assets (Note 11)	2,615,976	174,593	-	-	2,790,569
	<u>52,479,019</u>	<u>2,996,229</u>	<u>(553,780)</u>	<u>23,826,716</u>	<u>78,748,184</u>
Less accumulated depreciation/amortization for:					
Land improvements	(1,404,567)	(106,707)	-	-	(1,511,274)
Buildings and improvements	(22,968,974)	(2,082,380)	-	-	(25,051,354)
Furniture and equipment	(2,636,499)	(705,810)	208,705	-	(3,133,604)
Transportation equipment	(2,001,207)	(425,115)	281,777	-	(2,144,545)
Subscription assets (Note 11)	(1,273,073)	(770,457)	-	-	(2,043,530)
	<u>(30,284,320)</u>	<u>(4,090,469)</u>	<u>490,482</u>	<u>-</u>	<u>(33,884,307)</u>
Total capital assets being depreciated/amortized, net	<u>22,194,699</u>	<u>(1,094,240)</u>	<u>(63,298)</u>	<u>23,826,716</u>	<u>44,863,877</u>
Governmental activities					
capital assets, net	<u>\$ 45,556,032</u>	<u>\$ 1,111,565</u>	<u>\$ (63,298)</u>	<u>\$ -</u>	<u>\$ 46,604,299</u>

Depreciation/amortization expense of \$4,090,469 was charged to the function "unallocated depreciation/amortization" and not allocated to other functions.

At June 30, 2025, the District had outstanding commitments through construction contracts of approximately \$5.5 million.

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	General	Special Education	Career Technical Education	Recurring Projects	Nonmajor Governmental Funds	Total
Fund Financial Statements						
Accounts payable	\$ 1,073,967	\$ 276,479	\$ 129,419	\$ 828,441	\$ 46,554	\$ 2,354,860
Salaries payable	310,383	4,118,933	632,383	-	-	5,061,699
Accrued liabilities	362,809	2,528,738	351,143	-	-	3,242,690
Due to other governments	291,716	1,022,420	173,453	-	-	1,487,589
	<u>\$ 2,038,875</u>	<u>\$ 7,946,570</u>	<u>\$ 1,286,398</u>	<u>\$ 828,441</u>	<u>\$ 46,554</u>	<u>12,146,838</u>

Government-wide Financial Statements

Accrued interest payable on bonds	27,668
Claims payable	59,244
	<u>\$ 12,233,750</u>

8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2025, was as follows:

	Due from Other Funds	Due to Other Funds
General	\$ 13,575	\$ 8,237,972
Special education	-	14,702,305
Career technical education	-	10,285,387
Recurring projects	33,225,664	-
Nonmajor governmental funds	-	13,575
Total	<u>\$ 33,239,239</u>	<u>\$ 33,239,239</u>

The District reports interfund balances between many of its funds. The sum of all balances presented in the tables above agrees with the sum of interfund balances presented in the balance sheet for the governmental funds. These interfund balances resulted primarily 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.

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

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

	Transfers in	Transfers out
General	\$ 5,000,000	\$ 1,563,421
Special education	150,296	9,428,856
Career technical education	63,421	4,650,000
Recurring projects	10,000,000	198,128
Nonmajor governmental funds	626,984	296
	<u>\$ 15,840,701</u>	<u>\$ 15,840,701</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; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

For the year ended June 30, 2025, the District transferred funds to pay for administrative services that were provided to the special education and the career technical education funds. Additionally, funds were transferred to the recurring projects fund for special improvement projects within the District. Also, funds were transferred for bond debt service payments. Finally, funds were transferred from the recurring projects fund to the 2021 school building and site bonds fund.

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

9. BONDS, NOTES AND OTHER LONG-TERM LIABILITIES

Bonds, notes and other long-term liabilities of the District at June 30, 2025, are summarized as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
2021 School Building & Site Bonds, due in annual installments of \$225,000 to \$405,000 through the year 2041; interest ranging from 2.0% to 5.0% payable semi-annually through May 2041	\$ 5,835,000	\$ -	\$ 250,000	\$ 5,585,000	\$ 260,000
Deferred issuance premium	567,856	-	33,404	534,452	33,403
Direct borrowing - installment purchase agreement	228,678	-	36,741	191,937	40,388
Subscriptions liabilities (Note 11)	1,091,662	174,593	780,103	486,152	336,048
Compensated absences*	352,377	-	46,530	305,847	305,847
Total bonds, notes and other long-term liabilities	\$ 8,075,573	\$ 174,593	\$ 1,146,778	\$ 7,103,388	\$ 975,686

* The change in compensated absences liability is presented as a net change.

Future principal and interest payment requirements on outstanding bonds payable are as follows:

Year Ended June 30,	Principal	Interest	Total
2026	\$ 260,000	\$ 166,006	\$ 426,006
2027	275,000	153,006	428,006
2028	290,000	139,256	429,256
2029	300,000	124,756	424,756
2030	320,000	109,756	429,756
2031-2035	1,775,000	359,281	2,134,281
2036-2040	1,960,000	163,731	2,123,731
2041	405,000	8,606	413,606
Totals	\$ 5,585,000	\$ 1,224,398	\$ 6,809,398

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

Future principal and interest payment requirements on the installment purchase agreement are as follows:

Year Ended June 30,	Principal	Interest	Total
2026	\$ 40,388	\$ 16,505	\$ 56,893
2027	44,396	12,497	56,893
2028	48,803	8,091	56,894
2029	48,979	3,173	52,152
2030	9,371	111	9,482
Totals	\$ 191,937	\$ 40,377	\$ 232,314

10. LEASES

Lessor - The District is involved in two agreements as a lessor that qualify as long-term lease agreements. Below is a summary of these agreements. These agreements qualify as long-term lease agreements as the District will not surrender control of the asset at the end of the term and the noncancelable term of the agreement surpasses one year. Total lease revenue for the year ended June 30, 2025 was \$119,900.

	Remaining Term of Agreements
Asset Type	
Classrooms	1-3 years
Broadband license	22 years

Lease receivable activity for the year ended June 30, 2025, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Leases receivable	\$ 3,121,167	\$ -	\$ (119,900)	\$ 3,001,267

11. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The District is involved in five arrangements that qualify as long-term subscription-based information technology arrangements ("SBITA"). Below is a summary of the nature of these arrangements. These arrangements qualify as intangible, right-to-use subscription assets as the District has the control of the right to use another party's IT software and the noncancelable term of the arrangement surpasses one year. The present values are discounted using an interest rate of 3% percent based on the District's borrowing rate.

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

The right-to-use-asset and the related activity are included in Note 6, Capital Assets. The subscription liabilities and related activity are presented in Note 9, Bonds, Notes and Other Long-term Liabilities.

	Remaining Term of Arrangement
Asset Type	
Subscription assets	1-4 years

The net present value of future minimum payments as of June 30, 2025, were as follows:

Year Ended June 30,	Principal	Interest
2026	\$ 336,048	\$ 14,585
2027	75,842	4,503
2028	36,018	2,228
2029	38,244	1,147
	<u>\$ 486,152</u>	<u>\$ 22,463</u>

12. RISK MANAGEMENT

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

The District is self-insured to provide health benefits for certain employee groups. The District estimates the liability for its self-insured coverages and includes both those claims that have been reported as well as those that have not yet been reported. These estimates are prepared with the assistance of the District's third-party administrators for claims management. Changes in the estimated liability are as follows:

	2025	2024
Estimated liability, beginning of year	\$ 52,146	\$ 43,644
Estimated claims incurred, including changes in estimates	856,279	859,237
Claim payments	<u>(849,181)</u>	<u>(850,735)</u>
Estimated liability, end of year	<u>\$ 59,244</u>	<u>\$ 52,146</u>

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

13. PROPERTY TAXES

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

14. TAX ABATEMENTS

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

The IFT's were entered into based upon the Plant Rehabilitation and Industrial Developments Districts Act (known as the Industrial Facilities Exemption), PA 198 of 1974, as amended. IFT's provide a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high-tech facilities. Properties qualifying for IFT status are taxed at 50% of the millage rate applicable to other real and personal property within the District boundaries. The abatements amounted to approximately \$64,000 in reduced District tax revenues for 2025.

15. PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS

Plan Description

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

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

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

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

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

Pension Benefits Provided

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25% to 1.50%. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

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

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

Other Postemployment Benefits Provided

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

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

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

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

Contributions

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

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

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

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

For the year ended June 30, 2025, required and actual contributions from the District to the pension plan were \$16,464,108, which included \$4,443,105, the amount received from the State and remitted to the System to fund the MPERS unfunded actuarial accrued liability ("UAAL") stabilization rate. In addition, the District had additional contributions of \$1,009,935 which was a one-time, state payment toward the MPERS unfunded liability.

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

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

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

For the year ended June 30, 2025, required and actual contributions from the District to the OPEB plan were \$766,920.

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

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

For the year ended June 30, 2025, required and actual contributions from the District for those members with a defined contribution benefit were \$1,174,214.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2025, the District reported a liability of \$96,842,001 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2023. The District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2024, the District's proportion was 0.39556%, which was an increase of 0.01369% from its proportion measured as of September 30, 2023.

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

For the year ended June 30, 2025, the District recognized pension expense of \$9,848,595. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ 2,627,392	\$ 1,052,202	\$ 1,575,190
Changes in assumptions	10,096,353	7,095,456	3,000,897
Net difference between projected and actual earnings on pension plan investments	-	18,481,559	(18,481,559)
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,335,459	264,247	4,071,212
	<u>17,059,204</u>	<u>26,893,464</u>	<u>(9,834,260)</u>
District contributions subsequent to the measurement date	16,259,197	-	16,259,197
	<u>16,259,197</u>	<u>-</u>	<u>16,259,197</u>
Total	<u>\$ 33,318,401</u>	<u>\$ 26,893,464</u>	<u>\$ 6,424,937</u>

The amount reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2026	\$ (1,563,553)
2027	1,880,488
2028	(5,765,677)
2029	<u>(4,385,518)</u>
Total	<u>\$ (9,834,260)</u>

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

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

At June 30, 2025, the District reported an asset of \$17,163,311 for its proportionate share of the MPSERS net OPEB asset. The net OPEB asset was measured as of September 30, 2024, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 2023. The District's proportion of the net OPEB asset was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2024, the District's proportion was 0.39874% which was an increase of 0.00645% from its proportion measured as of September 30, 2023.

For the year ended June 30, 2025, the District recognized OPEB benefit of \$5,826,691. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ -	\$ 18,187,869	\$(18,187,869)
Changes in assumptions	3,748,714	430,884	3,317,830
Net difference between projected and actual earnings on OPEB plan investments	-	3,249,212	(3,249,212)
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,187,022	343,238	843,784
	4,935,736	22,211,203	(17,275,467)
District contributions subsequent to the measurement date	286,432	-	286,432
Total	\$ 5,222,168	\$ 22,211,203	\$(16,989,035)

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

The amount reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as an adjustment to the net OPEB asset in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Amount
2026	\$ (5,629,130)
2027	(3,381,055)
2028	(3,375,445)
2029	(2,977,738)
2030	(1,598,476)
Thereafter	<u>(313,623)</u>
Total	<u><u>\$ (17,275,467)</u></u>

Actuarial Assumptions

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

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

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

Other OPEB assumptions:

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

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

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

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

Long-term Expected Return on Pension and OPEB Plan Assets

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

Pension

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

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

OPEB

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

Rate of Return

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

Discount Rate

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

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

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

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

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
District's proportionate share of the net pension liability	\$141,971,414	\$ 96,842,001	\$ 59,263,082

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

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

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
District's proportionate share of the net OPEB asset	\$(13,263,949)	\$(17,163,311)	\$(20,534,723)

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

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

	1% Decrease	Current Healthcare Cost Trend	1% Increase
District's proportionate share of the net OPEB asset	\$(20,534,759)	\$(17,163,311)	\$(13,547,452)

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Financial Statements

Pension and OPEB Plans Fiduciary Net Position

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

Payable to the Pension Plan

At June 30, 2025, the District reported a payable of \$3,011,667 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2025.

Payable to the OPEB Plan

At June 30, 2025, the District reported a payable of \$63,272 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2025.

16. NET INVESTMENT IN CAPITAL ASSETS

As of June 30, 2025, net investment in capital assets was comprised of the following:

Net investment in capital assets	
Capital assets not being depreciated/amortized	\$ 1,740,422
Capital assets being depreciated/amortized, net	44,863,877
Bonds payable	(5,585,000)
Deferred issuance premium	(534,452)
Installment purchase agreement	(191,937)
Subscriptions liabilities (Note 11)	(486,152)
Total net investment in capital assets	<u>\$ 39,806,758</u>

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REQUIRED SUPPLEMENTARY INFORMATION

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Required Supplementary Information

MPSERS Cost-Sharing Multiple Employer Plan

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

	Year Ended June 30,			
	2025	2024	2023	2022
District's proportionate share of the net pension liability	\$ 96,842,001	\$ 123,595,984	\$ 141,514,360	\$ 89,138,025
District's proportion of the net pension liability	0.39556%	0.38187%	0.37628%	0.37650%
District's covered payroll	\$ 42,647,510	\$ 39,481,972	\$ 35,998,208	\$ 34,408,750
District's proportionate share of the net pension liability as a percentage of its covered payroll	227.08%	313.04%	393.12%	259.06%
Plan fiduciary net position as a percentage of the total pension liability	74.44%	65.91%	60.77%	72.60%

See notes to required supplementary information.



Year Ended June 30,					
2021	2020	2019	2018	2017	2016
\$ 127,259,166	\$ 120,031,347	\$ 106,575,978	\$ 90,724,262	\$ 84,528,369	\$ 81,707,674
0.37047%	0.36245%	0.35452%	0.35009%	0.33880%	0.33452%
\$ 33,251,012	\$ 32,170,392	\$ 30,403,970	\$ 29,782,328	\$ 28,812,805	\$ 23,818,313
382.72%	373.11%	350.53%	304.62%	293.37%	343.05%
59.72%	60.31%	62.36%	64.21%	63.27%	63.17%

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Required Supplementary Information

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

	Year Ended June 30,			
	2025	2024	2023	2022
Statutorily required contributions	\$ 16,464,108	\$ 16,383,406	\$ 13,657,504	\$ 12,727,373
Contributions in relation to the statutorily required contributions	<u>(16,464,108)</u>	<u>(16,383,406)</u>	<u>(13,657,504)</u>	<u>(12,727,373)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 45,563,687	\$ 42,148,931	\$ 38,780,745	\$ 35,676,592
Contributions as a percentage of covered payroll	36.13%	38.87%	35.22%	35.67%

See notes to required supplementary information.



Year Ended June 30,					
2021	2020	2019	2018	2017	2016
\$ 11,100,172	\$ 10,251,307	\$ 9,549,533	\$ 9,666,215	\$ 7,838,018	\$ 7,838,018
(11,100,172)	(10,251,307)	(9,549,533)	(9,666,215)	(7,838,018)	(7,838,018)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 33,683,408	\$ 33,762,703	\$ 31,722,188	\$ 30,154,456	\$ 29,116,650	\$ 23,864,947
32.95%	30.36%	30.10%	32.06%	26.92%	32.84%

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Required Supplementary Information

MPSERS Cost-Sharing Multiple Employer Plan

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

	Year Ended June 30,			
	2025	2024	2023	2022
District's proportionate share of the net OPEB (asset) liability	\$ (17,163,311)	\$ (2,219,168)	\$ 7,815,437	\$ 5,795,333
District's proportion of the net OPEB asset/liability	0.39874%	0.39229%	0.36899%	0.37968%
District's covered payroll	\$ 42,647,510	\$ 39,481,972	\$ 35,998,208	\$ 34,408,750
District's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	-40.24%	-5.62%	21.71%	16.84%
Plan fiduciary net position as a percentage of the total OPEB liability	143.08%	105.04%	83.09%	87.33%

See notes to required supplementary information.



Year Ended June 30,			
2021	2020	2019	2018
\$ 20,059,536	\$ 26,392,487	\$ 28,374,444	\$ 31,009,371
0.37444%	0.36770%	0.35696%	0.35017%
\$ 33,251,012	\$ 32,170,392	\$ 30,403,970	\$ 29,782,328
60.33%	82.04%	93.32%	104.12%
59.44%	48.46%	42.95%	36.39%

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Required Supplementary Information

MPSERS Cost-Sharing Multiple Employer Plan

Schedule of the District's Other Postemployment Benefit Contributions

	Year Ended June 30,			
	2025	2024	2023	2022
Statutorily required contribution	\$ 766,920	\$ 3,285,083	\$ 3,008,903	\$ 2,820,547
Contributions in relation to the statutorily required contribution	<u>(766,920)</u>	<u>(3,285,083)</u>	<u>(3,008,903)</u>	<u>(2,820,547)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 45,563,687	\$ 42,148,931	\$ 38,780,745	\$ 35,676,592
Contributions as a percentage of covered payroll	1.68%	7.79%	7.76%	7.91%

See notes to required supplementary information.



Year Ended June 30,			
2021	2020	2019	2018
\$ 2,744,091	\$ 2,682,580	\$ 2,480,768	\$ 2,216,497
<u>(2,744,091)</u>	<u>(2,682,580)</u>	<u>(2,480,768)</u>	<u>(2,216,497)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 33,683,408	\$ 33,762,703	\$ 31,722,188	\$ 30,154,456
8.15%	7.95%	7.82%	7.35%

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Required Supplementary Information

Pension Information

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

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

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

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Notes to Required Supplementary Information

OPEB Information

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

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

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

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

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COMBINING FUND FINANCIAL STATEMENTS

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2025

	Special Revenue			Debt Service
	Training Assistance	Student/School Activity Fund	Memorials/Scholarships	2021 Debt Service
Assets				
Cash and cash equivalents	\$ 913,192	\$ 5,522	\$ 20,585	\$ -
Due from other governments	11,907	-	-	-
Leases receivable	-	-	-	-
Total assets	<u>\$ 925,099</u>	<u>\$ 5,522</u>	<u>\$ 20,585</u>	<u>\$ -</u>
Liabilities				
Accounts payable	\$ 11,361	\$ -	\$ -	\$ -
Due to other funds	13,575	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>24,936</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources				
Unavailable receivables	240	-	-	-
Deferred lease amounts	-	-	-	-
Total deferred inflows of resources	<u>240</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances				
Restricted	899,923	-	20,585	-
Committed	-	5,522	-	-
Total fund balances	<u>899,923</u>	<u>5,522</u>	<u>20,585</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 925,099</u>	<u>\$ 5,522</u>	<u>\$ 20,585</u>	<u>\$ -</u>

Capital Projects			
2021 School Building and Site Bonds	Technology		Totals
\$ -	\$ 757,182	\$	1,696,481
-	68,350		80,257
-	2,984,934		2,984,934
\$ -	\$ 3,810,466	\$	4,761,672
\$ -	\$ 35,193	\$	46,554
-	-		13,575
-	70,000		70,000
-	105,193		130,129
-	-		240
-	2,984,934		2,984,934
-	2,984,934		2,985,174
-	720,339		1,640,847
-	-		5,522
-	720,339		1,646,369
\$ -	\$ 3,810,466	\$	4,761,672

JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures

and Changes in Fund Balances - Nonmajor Governmental Funds

For the Year Ended June 30, 2025

	Special Revenue			Debt Service
	Training Assistance	Student/School Activity Fund	Memorials/Scholarships	2021 Debt Service
Revenues				
Local sources:				
Earnings on investments and deposits	\$ -	\$ -	\$ -	\$ -
Other	27,695	12,062	4,462	-
State sources	83,253	-	-	-
Total revenues	<u>110,948</u>	<u>12,062</u>	<u>4,462</u>	<u>-</u>
Expenditures				
Current:				
Supporting services	101,492	-	749	-
Student/school activity	-	12,087	-	-
Debt service:				
Principal	-	-	-	250,000
Interest and fiscal charges	-	-	-	178,856
Capital outlay:				
Technology capital improvements	-	-	-	-
Building and site improvements	-	-	-	-
Total expenditures	<u>101,492</u>	<u>12,087</u>	<u>749</u>	<u>428,856</u>
Revenues over (under) expenditures	<u>9,456</u>	<u>(25)</u>	<u>3,713</u>	<u>(428,856)</u>
Other financing sources (uses)				
Transfers in	-	-	-	428,856
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>428,856</u>
Net change in fund balances	<u>9,456</u>	<u>(25)</u>	<u>3,713</u>	<u>-</u>
Fund balances, beginning of year	<u>890,467</u>	<u>5,547</u>	<u>16,872</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 899,923</u></u>	<u><u>\$ 5,522</u></u>	<u><u>\$ 20,585</u></u>	<u><u>\$ -</u></u>

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Capital Projects		
2021 School Building and Site Bonds	Technology	Totals

\$ 12	\$ 32,742	\$ 32,754
-	312,554	356,773
-	-	83,253

12	345,296	472,780
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-	-	102,241
-	-	12,087

-	-	250,000
-	-	178,856

-	632,212	632,212
197,844	-	197,844

197,844	632,212	1,373,240
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(197,832)	(286,916)	(900,460)
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198,128	-	626,984
(296)	-	(296)

197,832	-	626,688
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-	(286,916)	(273,772)
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-	1,007,255	1,920,141
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\$ -	\$ 720,339	\$ 1,646,369
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