INGHAM INTERMEDIATE SCHOOL DISTRICT

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

YEAR ENDED JUNE 30, 2026

Maner Costerisan

TABLE OF CONTENTS

Page

INDEPENDENT AUDITOR'S REPORT 1-3

MANAGEMENT'S DISCUSSION AND ANALYSIS 4-10

BASIC FINANCIAL STATEMENTS 11

Government-wide Financial Statements
Statement of Net Position 12
Statement of Activities 13

Fund Financial Statements
Balance Sheet - Governmental Funds 14-15
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds 16-17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 18

Fiduciary Fund
Statement of Fiduciary Net Position 19
Statement of Changes in Fiduciary Net Position 20

Notes to Financial Statements 21-47

REQUIRED SUPPLEMENTARY INFORMATION 48

Budgetary Comparison Schedule - General Fund 49
Budgetary Comparison Schedule - Special Education Fund 50
Budgetary Comparison Schedule - Career and Technical Education Fund 51

Schedule of the Reporting Unit's Proportionate Share of the Net Pension Liability 52
Schedule of the Reporting Unit's Pension Contributions 53

Schedule of the Reporting Unit's Proportionate Share of the Net OPEB Liability (Asset) 54
Schedule of the Reporting Unit's OPEB Contributions 55

Notes to Required Supplementary Information 56-62

ADDITIONAL SUPPLEMENTARY INFORMATION 63

Nonmajor Governmental Fund Type
Balance Sheet 64
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances 65

TABLE OF CONTENTS

Page

ADDITIONAL SUPPLEMENTARY INFORMATION (continued)

Tax Summary 66-67

Long-Term Debt
Bonded Debt 68-69

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* 70-71

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Ingham Intermediate School District

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ingham Intermediate School District, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise Ingham Intermediate School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Ingham Intermediate School District, as of June 30, 2026, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2026 on our consideration of Ingham Intermediate School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Ingham Intermediate School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ingham Intermediate School District's internal control over financial reporting and compliance.

Maner Costerisan PC

Lansing, Michigan
October 16, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

If you have any questions about this report or need any additional information, please contact Business Office, Ingham Intermediate School District, 2630 West Howell Road, Mason, Michigan 48854.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's financial report contains basic financial statements. Those financial statements present the District's finances at both an overall and a detailed level. The first two - the *Government-wide Financial Statements* - cover the District's governmental activities. (See the diagram in Figure A-1.)

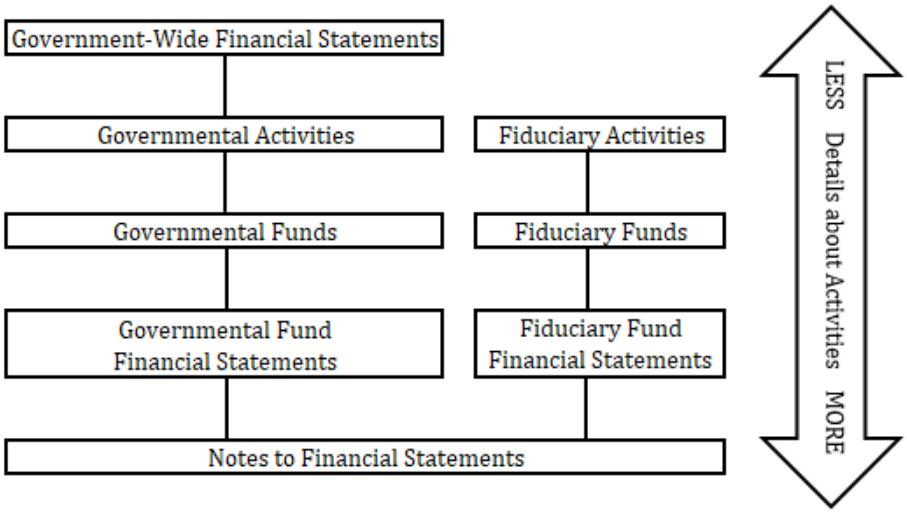
- *Governmental Activities* comprise of the District's most basic functions, such as instruction, support services, and support to local districts. Governmental activities primarily are financed by property taxes from non-personal residence exemption properties, state aid foundation, and federal grants. These statements provide both short-term and long-term information.

The remaining basic financial statements present the District's finances in greater detail and present fiduciary activities. As their name implies, the fund financial statements disaggregate financial information by separate funds to report on the specific purposes for which resources are used or for which they are restricted. The District reports two groups of funds:

- *Governmental Fund Financial Statements* report all of the governmental activities except those that involve providing services to District departments. In addition to the District's main operating fund - the *general* fund - those financial statements report special revenue funds that track the use of restricted or committed funding sources, debt service funds to record the repayment of outstanding bonds, and capital projects funds to account for resources used to acquire or construct long-lived assets.

- *Fiduciary Fund Financial Statements* report resources for which the District acts as a trustee or custodian. The resources in this fund do not belong to the District and cannot be used to provide services, which is why they are not included in the government-wide financial statements.

Figure A-1. Contents of the District's Basic Financial Statements



The next section of this financial report contains *notes to financial statements*, which delve deeper into the District's finances as reported in the financial statements. The information in the notes is as important to understanding the District's finances as the information in the financial statements. The District uses notes to (1) present information in greater detail than is possible within the financial statements themselves, (2) explain the nature of amounts reported in the financial statements and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the financial statements (such as certain contingencies).

TYPES OF INFORMATION IN THE FINANCIAL STATEMENTS

All of the District's financial statements, except for the governmental fund financial statements, use the economic resources measurement focus and accrual basis of accounting. (See Figure A-2.) In other words, they comprehensively report all types of financial statement elements:

- *Assets* - resources the District controls, from short-term assets like cash and cash equivalents to long-term assets like buildings and transportation equipment.
- *Liabilities* - amounts the District owes, from short-term liabilities such as salaries and related items to long-term liabilities such as outstanding debt and pension obligations.
- *Deferred Outflows of Resources and Deferred Inflows of Resources* - flows that occurred during the year, or in prior years, that will not be reported as expenses and revenues until the future year to which they are related.
- *Revenues and Expenses* - inflows and outflows of economic resources, respectively, related to the current year.

Governmental fund financial statements use the current financial resources measurement focus and modified accrual basis of accounting to report on the sources, uses, and balances of current financial resources. The governmental funds do not report nonfinancial assets, such as capital assets, or certain other long-term items, such as general obligation bonds, but they do report the flows of current financial resources related to those long-term items; for example, the proceeds from issuing bonds or selling equipment, as well as principal and interest payments on bonds and spending on construction.

Figure A-2. Types of Information Reported in the District's Financial Statements

	Financial Statements		
	Government-wide	Fiduciary Fund	Governmental Funds
Types of assets and liabilities	* All assets and liabilities, both financial and nonfinancial, short term and long term		* Only current financial resources, such as cash, receivables, and accounts payable
Types of revenues/ additions	* All types of revenues/additions that flow into the District during the year that relate to that year, regardless of when cash is received		* Only revenues that are measurable and available to finance expenditures of that year
Types of expenses/ deductions/ expenditures	* All types of expenses/deductions that flow out of the District during the year that relate to that year, regardless of when cash is paid		* Only expenditures for which the related governmental fund liability is incurred in that year
Types of deferred outflows of resources and deferred inflows of resources	* All types of resources that flow into and out of the District during the year that relate to a future year		* Current financial resources that flow into and out of the governmental funds during the year that related to a future year

More detail about the measurement focuses and bases of accounting can be found in the first note to financial statements, the summary of significant accounting policies.

ANALYSIS OF THE DISTRICT'S FINANCES

Table A-1
Ingham Intermediate School District's Net Position
Net Position

	2026	2025	Dollar Change	Total Percentage Change
ASSETS				
Current assets	$ 174,757,477	$ 69,301,368	$ 105,456,109	152.17%
Net other postemployment benefits asset	19,536,038	13,314,680	6,221,358	46.73%
Noncurrent assets	29,139,997	30,221,434	(1,081,437)	-3.58%
TOTAL ASSETS	223,433,512	112,837,482	110,596,030	98.01%
DEFERRED OUTFLOWS OF RESOURCES	33,217,391	30,917,921	2,299,470	7.44%
LIABILITIES				
Current liabilities	37,094,063	36,161,345	932,718	2.58%
Noncurrent liabilities	112,453,239	13,472,208	98,981,031	734.71%
Net pension liability	66,286,981	72,539,895	(6,252,914)	-8.62%
TOTAL LIABILITIES	215,834,283	122,173,448	93,660,835	76.66%
DEFERRED INFLOWS OF RESOURCES	42,090,779	41,445,477	645,302	1.56%
NET POSITION				
Net investment in capital assets	20,059,622	20,289,809	(230,187)	-1.13%
Restricted	19,536,038	13,314,680	6,221,358	46.73%
Unrestricted	(40,869,819)	(53,468,011)	12,598,192	23.56%
TOTAL NET POSITION	$ (1,274,159)	$ (19,863,522)	$ 18,589,363	93.59%

Table A-1 shows that as of June 30, 2026, the District's total net position - assets and deferred outflows minus liabilities and deferred inflows - was $(1,274,159), an increase of $18,589,363 or 93.59% compared with 2025. This increase is primarily due to a $12,598,192 or 23.56% increase in unrestricted net position. Restricted net position also increased $6,221,358 or 46.73% due to an increase in net OPEB asset. The following sections of MD&A analyze the finances of the governmental activities.

GOVERNMENTAL ACTIVITIES

Table A-2 shows that revenues continued to exceed expenses in the current year, resulting in an increase in net position. Various events contributed to this increase in net position; however, the primary factors affecting the change in net position as compared to the prior year are as follows:

1. Decrease in operating grants and contributions
2. Growth in the taxable value
3. Decrease in unrestricted state aid funding
4. Change in expenses for certain programs and functions

Table A-2
Changes in Ingham Intermediate School District's Net Position

	2026	2025	Dollar Change	Total Percentage Change
REVENUES				
Program revenues				
Charges for services	$ 20,061,580	$ 20,572,788	$ (511,208)	-2.48%
Operating grants and contributions	48,547,531	57,018,710	(8,471,179)	-14.86%
General revenues				
Property taxes	73,206,202	70,171,015	3,035,187	4.33%
State aid - unrestricted	33,121,014	37,088,986	(3,967,972)	-10.70%
Grants and other revenue - unrestricted to specific programs	9,645,823	7,673,706	1,972,117	25.70%
Other	5,633,736	4,175,131	1,458,605	34.94%
TOTAL REVENUES	190,215,886	196,700,336	(6,484,450)	-3.30%
EXPENSES				
Instruction	28,602,861	29,412,187	(809,326)	-2.75%
Support services	68,327,605	67,482,279	845,326	1.25%
Community services	816,628	5,359,606	(4,542,978)	-84.76%
Student/school activities	39,262	17,266	21,996	127.39%
Outgoing transfers and other	70,824,921	70,568,147	256,774	0.36%
Interest and related expenses on long-term debt	1,410,383	506,207	904,176	178.62%
Unallocated depreciation/amortization	1,604,863	1,116,754	488,109	43.71%
TOTAL EXPENSES	171,626,523	174,462,446	(2,835,923)	-1.63%
Change in net position	$ 18,589,363	$ 22,237,890	$ (3,648,527)	-16.41%

Decrease in Operating Grants and Contributions

There were notable decreases in operating grants and contributions compared to the prior year, which accounts for 25.5% of overall revenues. Most of the decrease is attributed to the conclusion of a one-time $5.0 million Section 61q pass-through Career and Technical Education grant and a $3.6 million year-over-year decrease in Section 12c one-time Special Education grant.

Growth in the Taxable Value

Property tax revenues increased in the current year compared to the prior year, which accounts for 38.5% of overall revenues. Property tax revenues are a product of changes in the taxable values of properties within District boundaries. The taxable values across all of the District's taxing authorities grew approximately 5% in the current year, resulting in the overall increase in property tax revenues.

Decrease in Unrestricted State Aid Funding

State sources declined in the current year compared to the prior year, which accounts for 17.4% of overall revenues. Unrestricted state aid decreased in the current year due to the reduction of State retirement-related allocations.

Change in Expenses for Certain Programs and Functions

Total expenses for the District dropped by 1.6% overall. The significant reduction was due mainly to the elimination of $5.0 million one-time pass-through Career and Technical Education grant recorded in the Community Services category.

GOVERNMENTAL FUNDS

The District reports five major funds individually in the governmental fund financial statements. These funds are the general fund, special education fund, career and technology education fund, 2003 capital projects fund and 2026 capital projects fund. Most of the discussion regarding governmental activities is equally applicable to the finances of the governmental funds. However, certain factors that are relevant to the District's current financial health are more apparent in the fund financial statements than in the government-wide statements. The changes are shown in Table A-3 and are discussed in more detail below.

Table A-3
Revenues, Expenditures, and Changes in Fund Balance

	General Fund		Special Education Fund		Career and Technical Education Fund		2003 Capital Projects		2026 Capital Projects	
	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
REVENUES	$ 59,958,191	$ 58,736,109	$ 116,160,821	$ 115,770,716	$ 15,814,233	$ 20,467,125	$ 7,467	$ 8,571	$ 20,078	$ -
EXPENDITURES	57,038,825	55,730,343	113,747,526	111,065,131	13,417,832	18,098,224	207,839	296,842	1,081,599	-
Excess (deficiency) of revenues over expenditures	2,919,366	3,005,766	2,413,295	4,705,585	2,396,401	2,368,901	(200,372)	(288,271)	(1,061,521)	-
OTHER FINANCING SOURCES (USES)										
Proceeds from bond issuance	-	-	-	-	-	-	-	-	91,275,000	-
Premium on bonds issued	-	-	-	-	-	-	-	-	8,992,626	-
Transfers in	-	-	-	-	-	-	4,963,295	5,973,212	-	-
Transfers out	(1,500,000)	(1,700,000)	(1,713,295)	(1,648,810)	(1,750,000)	(1,750,000)	(2,221,024)	(2,204,101)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,500,000)	(1,700,000)	(1,713,295)	(1,648,810)	(1,750,000)	(1,750,000)	2,742,271	3,769,111	100,267,626	-
Net change in fund balance	1,419,366	1,305,766	700,000	3,056,775	646,401	618,901	2,541,899	3,480,840	99,206,105	-
Fund balance - beginning of year	8,934,959	7,629,193	3,500,000	443,225	7,536,398	6,917,497	12,553,546	9,072,706	-	-
Fund balance - end of year	$ 10,354,325	$ 8,934,959	$ 4,200,000	$ 3,500,000	$ 8,182,799	$ 7,536,398	$ 15,095,445	$ 12,553,546	$ 99,206,105	$ -

Fund balance represents the financial standing of a governmental fund at the end of the fiscal year from a short-term perspective.

General Fund

The fund balance of the District's general fund increased by 15.9%. The increase in fund balance is attributable to revenues exceeding expenditures and transfers out by $1.4 million mainly due to higher property taxes and other state revenues.

The overall fund balance at the end of June 30, 2026, represented approximately 18.2% of operating expenditures. Within fund balance, approximately 98.8% of the balance is considered unassigned. The remaining 1.2% is considered either restricted, committed, or assigned for other items and is not readily available for use.

Special Education Fund

The fund balance of the District's special education fund increased by 20.0% as a result of a $700,000 planned increase in fund balance. The fund balance in the Special Education Fund is, by design, a specific targeted amount after available revenues are distributed to constituent districts in conjunction with the Special Education ISD Plan for reimbursement toward special education costs incurred in the districts.

The overall fund balance at the end of June 30, 2026, represented approximately 3.7% of operating expenditures or 6.0% of operating expenditures net of transfers to constituent districts.

Career and Technical Education Fund

The fund balance of the District's career and technical education fund increased by 8.6% Excluding the prior year's one-time $5.0 million Section 61q pass-through grant from both revenues and expenditures, property tax revenue increased while expenditures rose only modestly.

The overall fund balance at the end of June 30, 2026, represented approximately 61.0% of operating expenditures and 53.9% of operating expenditures plus transfers out. Of the transfers out, $1.0 million is required as an annual transfer through 2030 to meet the 2022 debt obligation.

2003 Capital Projects Fund

The fund balance of the District's 2003 capital projects fund increased by 20.3% as a result of $4.96 million transferred in exceeding $2.22 million transferred out for debt repayment and approximately $208,000 in project expenditures.

2026 Capital Projects Fund

The District's 2026 capital projects fund is new in the current year with an ending fund balance of $99,206,105 due to a new bond issuance at the end of the current year of $91.275 million, a bond premium of $8.993 million and approximately $1.06 million net spending after interest earnings.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM OBLIGATIONS

Capital Assets

The discussion thus far has only touched upon certain significant transactions and events during 2026 with respect to capital assets and long-term obligations. Overall, the carrying value of capital assets-original cost minus accumulated depreciation - decreased 3.6% compared to 2025. See Table A-4 for the carrying value of capital assets.

Table A-4
Ingham Intermediate School District's Capital Assets

	2026			2025	Total Percentage Change
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value	
Land	$ 373,292	$ -	$ 373,292	$ 373,292	0.00%
Site improvements	2,061,620	675,371	1,386,249	1,308,881	5.91%
Buildings and additions	42,726,696	17,830,322	24,896,374	25,845,920	-3.67%
Equipment	6,346,121	3,862,039	2,484,082	2,693,341	-7.77%
Total	$ 51,507,729	$ 22,367,732	$ 29,139,997	$ 30,221,434	-3.58%

A significant reason for the decrease in the net capital assets relates to depreciation expense net of additions. During 2026, the District completed and placed in service approximately $533,000 for vehicles, building improvements, and other kitchen and career tech equipment. The depreciation expense outpaced additions of capital assets during the year, resulting in a net decrease in capital assets.

Long-term Obligations

Overall, the carrying value of the District's long-term obligations increased by 734.71% from the prior year. See Table A-5 for the carrying value of the District's long-term obligations.

Table A-5
Ingham Intermediate School District's Long Term Obligations

	2026	2025	Total Percentage Change
General obligations bonds - net	$ 108,286,480	$ 9,931,625	990.32%
Compensated Absences	4,166,759	3,540,583	17.69%
	$ 112,453,239	$ 13,472,208	734.71%

During 2026, the District had a new bond approved and issued in the amount of $91,275,000 with premium of $8,992,626. In the current year, the District also made principal payments of $1,792,000.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

There are several factors that could significantly affect the financial health of the District in the future.

Property tax revenue is a significant source of funding for the three ISD operating funds, particularly the Special Education and Career and Technical Education Fund. Growth in taxable values in recent years has increased this revenue which bears positively on Ingham ISD's financial future. In addition, the Headlee restoration millage approved by voters in March 2020 is expected to provide approximately $2.5 million annually for special education through its 20-year term.

The District continues to adjust programs and services in some areas, in response to requests for services from constituent districts, from specific grant funding, and in anticipation of Career and Technical Education enrollment. Many of the revenues supporting these activities are restricted to specific purposes and cannot be used for other District needs. As a result, some areas of our budget have expanded to respond to constituent district needs and organizational focus, while other areas have been stable or contracted. We expect this trend to continue.

The District adopted its 2026–27 budget before the State budget was enacted in July 2026. As the State implements its appropriations and provides final program allocations, the District will assess their effect on grant-funded services and other programs. Staffing needs and the availability of restricted funding will continue to affect spending decisions during 2026–27.

After Ingham ISD began operating the center-based program at the Beekman Center in July 2024, the District assessed the facility's needs and developed a project that combines construction of a new Beekman Center with previously planned renovations to Heartwood. Voters approved the bond proposal on May 5, 2026 and the District issued $91.275 million bonds with premium of $8.993 million on June 29, 2026. Design is underway with the architect and construction manager, including site planning, building concepts, and input from staff. The multiyear project will result in substantial construction activity and use of the restricted bond proceeds in future years.

The Michigan Department of Education has approved the District's revised Special Education Plan. The final phase of its new allocation methodology is scheduled for implementation in 2026–27 and will change how available Special Education Fund revenues are distributed to constituent districts for eligible costs. The District is also building its Special Education Fund reserve to provide a buffer for unexpected needs. The fund balance increased from $3.5 million at June 30, 2025, to $4.2 million at June 30, 2026 with a planned increase to $4.9 million at June 30, 2027.

BASIC FINANCIAL STATEMENTS

INGHAM INTERMEDIATE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2026

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 10,664,421
Investments	146,821,148
Receivables	
Accounts receivable	1,852,210
Interest receivable	640
Intergovernmental receivable	14,385,115
Property taxes receivable	577,773
Prepaids	456,170
Net other postemployment benefits assets	19,536,038
Capital assets not being depreciated	373,292
Capital assets, net of accumulated depreciation	28,766,705
TOTAL ASSETS	223,433,512
DEFERRED OUTFLOWS OF RESOURCES	
Related to other postemployment benefits	3,941,419
Related to pensions	29,275,972
TOTAL DEFERRED OUTFLOWS OF RESOURCES	33,217,391
LIABILITIES	
Accounts payable	5,796,533
Accrued interest	77,240
Accrued salaries and related items	3,144,507
Accrued retirement	2,126,983
Due to local school districts	5,441,119
Unearned revenue	16,965,245
Intergovernmental	248,500
Accrued for school based health services	3,293,936
Noncurrent liabilities	
Due within one year	5,930,028
Due in more than one year	106,523,211
Net pension liability	66,286,981
TOTAL LIABILITIES	215,834,283
DEFERRED INFLOWS OF RESOURCES	
Related to other postemployment benefits	16,441,540
Related to pensions	20,066,957
Related to state aid funding for pensions	5,582,282
TOTAL DEFERRED INFLOWS OF RESOURCES	42,090,779
NET POSITION	
Net investment in capital assets	20,059,622
Restricted for net other postemployment benefits	19,536,038
Unrestricted	(40,869,819)
TOTAL NET POSITION	$ (1,274,159)

See notes to financial statements.

INGHAM INTERMEDIATE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2026

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Governmental Activities: Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	$ 28,602,861	$ 14,754,928	$ 6,452,301	$ (7,395,632)
Support services	68,327,605	5,306,652	15,984,549	(47,036,404)
Community services	816,628	-	919,626	102,998
Student/school activities	39,262	-	26,367	(12,895)
Outgoing transfer and other transactions	70,824,921	-	25,156,130	(45,668,791)
Interest and related expenses on long-term debt	1,410,383	-	8,558	(1,401,825)
Unallocated depreciation	1,604,863	-	-	(1,604,863)
Total governmental activities	$ 171,626,523	$ 20,061,580	$ 48,547,531	(103,017,412)
General revenues				
Property taxes, levied for general purposes				2,474,566
Property taxes, levied for special education				58,765,651
Property taxes, levied for career and technical education				11,965,985
State sources - unrestricted				33,121,014
Grants and other revenue not restricted to specific programs				9,645,823
Interest income				2,309,804
Other				3,323,932
Total general revenues				121,606,775
CHANGE IN NET POSITION				18,589,363
NET POSITION, beginning of year				(19,863,522)
NET POSITION, end of year				$ (1,274,159)

See notes to financial statements.

INGHAM INTERMEDIATE SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2026

	General Fund	Special Revenue: Special Education Fund	Special Revenue: Career and Technical Education Fund	2003 Capital Projects Fund	2026 Capital Projects Fund	Total Nonmajor Fund	Total Governmental Funds
ASSETS							
Cash and cash equivalents	$ 3,130,644	$ 670,908	$ 211,864	$ 6,504,558	$ 755	$ 145,692	$ 10,664,421
Investments	17,705,900	20,192,422	8,749,891	195,194	99,977,741	-	146,821,148
Accounts receivable	1,100,797	721,673	29,740	-	-	-	1,852,210
Interest receivable	198	345	97	-	-	-	640
Intergovernmental receivable	7,363,136	6,532,437	489,542	-	-	-	14,385,115
Due from other funds	-	-	-	8,401,000	-	-	8,401,000
Property taxes receivable	21,512	511,591	44,670	-	-	-	577,773
Prepaids and other	121,706	318,002	16,462	-	-	-	456,170
TOTAL ASSETS	$ 29,443,893	$ 28,947,378	$ 9,542,266	$ 15,100,752	$ 99,978,496	$ 145,692	$ 183,158,477
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts payable	$ 2,037,108	$ 2,889,033	$ 93,694	$ 5,307	$ 771,391	$ -	$ 5,796,533
Accrued salaries and related items	469,756	2,099,513	575,238	-	-	-	3,144,507
Accrued retirement	303,480	1,588,035	235,468	-	-	-	2,126,983
Due to local school districts	-	5,441,119	-	-	-	-	5,441,119
Intergovernmental	236,100	-	12,400	-	-	-	248,500
Due to other funds	-	8,000,000	400,000	-	1,000	-	8,401,000
Unearned revenue	16,022,308	940,680	2,257	-	-	-	16,965,245
Accrued for school based health services	-	3,293,936	-	-	-	-	3,293,936
TOTAL LIABILITIES	19,068,752	24,252,316	1,319,057	5,307	772,391	-	45,417,823
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	20,816	495,062	40,410	-	-	-	556,288
FUND BALANCES							
Nonspendable							
Prepaids and other	121,706	318,002	16,462	-	-	-	456,170

See notes to financial statements.

	General Fund	Special Revenue: Special Education Fund	Special Revenue: Career and Technical Education Fund	2003 Capital Projects Fund	2026 Capital Projects Fund	Total Nonmajor Fund	Total Governmental Funds
FUND BALANCES (continued)							
Restricted for:							
Special education	$ -	$ 3,881,998	$ -	$ -	$ -	$ -	$ 3,881,998
Career and technical education fund	-	-	8,166,337	-	-	-	8,166,337
Capital projects	-	-	-	-	99,206,105	-	99,206,105
Committed for:							
Student/school activities	-	-	-	-	-	145,692	145,692
Assigned for:							
Capital projects fund	-	-	-	15,095,445	-	-	15,095,445
Unassigned	10,232,619	-	-	-	-	-	10,232,619
TOTAL FUND BALANCES	10,354,325	4,200,000	8,182,799	15,095,445	99,206,105	145,692	137,184,366
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 29,443,893	$ 28,947,378	$ 9,542,266	$ 15,100,752	$ 99,978,496	$ 145,692	$ 183,158,477
Total governmental fund balances							$ 137,184,366
Amounts reported for governmental activities in the statement of net position are different because:							
Deferred outflows of resources - related to pensions							29,275,972
Deferred outflows of resources - related to other postemployment benefit							3,941,419
Deferred inflows of resources - related to pensions							(20,066,957)
Deferred inflows of resources - related to other postemployment benefit							(16,441,540)
Deferred inflows of resources - related to state aid funding for pensions							(5,582,282)
Some assets are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet. Noncurrent assets at year-end consists of:							
Net other postemployment benefits asset							19,536,038
Capital assets used in governmental activities are not financial resources and are not reported in the funds:							
The cost of the capital assets is						$ 51,507,729	
Accumulated depreciation is						(22,367,732)	29,139,997
Unavailable revenue expected to be collected after September 1st							556,288
Long-term obligations are not due and payable in the current period and are not reported in the funds:							
General obligation bonds							(108,286,480)
Accrued interest							(77,240)
Compensated absences							(4,166,759)
Net pension liability							(66,286,981)
Net position of governmental activities							$ (1,274,159)

See notes to financial statements.

INGHAM INTERMEDIATE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2026

	General Fund	Special Revenue: Special Education Fund	Special Revenue: Career and Technical Education Fund	2003 Capital Projects Fund	2026 Capital Projects Fund	Total Nonmajor Fund	Total Governmental Funds
REVENUES							
Local sources							
Property taxes	$ 2,472,635	$ 58,757,714	$ 11,972,136	$ -	$ -	$ -	$ 73,202,485
Student/school activities	-	-	-	-	-	26,367	26,367
Interest income	712,716	1,228,879	340,664	7,467	20,078	-	2,309,804
Other	4,087,496	9,029,699	306,249	-	-	-	13,423,444
Total local sources	7,272,847	69,016,292	12,619,049	7,467	20,078	26,367	88,962,100
State sources	6,329,420	27,494,879	2,398,872	-	-	-	36,223,171
Federal sources	81,198	1,090,060	-	-	-	8,558	1,179,816
Incoming transfers and other transactions	15,906,919	848,300	444,001	-	-	-	17,199,220
	29,590,384	98,449,531	15,461,922	7,467	20,078	34,925	143,564,307
Grants (see Note 7 Grants)	30,367,807	17,711,290	352,311	-	-	-	48,431,408
TOTAL REVENUES	59,958,191	116,160,821	15,814,233	7,467	20,078	34,925	191,995,715
EXPENDITURES							
Instruction	13,687,882	7,400,079	6,036,500	-	-	-	27,124,461
Supporting services	11,633,222	44,234,558	6,584,122	-	-	-	62,451,902
Student/school activities	-	-	-	-	-	39,262	39,262
Outgoing transfers and other	1,349,914	44,401,599	444,899	207,839	1,081,599	2,229,582	49,715,432
	26,671,018	96,036,236	13,065,521	207,839	1,081,599	2,268,844	139,331,057
Grants (see Note 7 Grants)	30,367,807	17,711,290	352,311	-	-	-	48,431,408
TOTAL EXPENDITURES	57,038,825	113,747,526	13,417,832	207,839	1,081,599	2,268,844	187,762,465

See notes to financial statements.

	General Fund	Special Revenue: Special Education Fund	Special Revenue: Career and Technical Education Fund	2003 Capital Projects Fund	2026 Capital Projects Fund	Total Nonmajor Fund	Total Governmental Funds
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ 2,919,366	$ 2,413,295	$ 2,396,401	$ (200,372)	$ (1,061,521)	$ (2,233,919)	$ 4,233,250
OTHER FINANCING SOURCES (USES)							
Proceeds from bond issuance	-	-	-	-	91,275,000	-	91,275,000
Premium on bonds issued	-	-	-	-	8,992,626	-	8,992,626
Transfers in	-	-	-	4,963,295	-	2,221,024	7,184,319
Transfers out	(1,500,000)	(1,713,295)	(1,750,000)	(2,221,024)	-	-	(7,184,319)
TOTAL OTHER FINANCING SOURCES (USES)	(1,500,000)	(1,713,295)	(1,750,000)	2,742,271	100,267,626	2,221,024	100,267,626
NET CHANGE IN FUND BALANCES	1,419,366	700,000	646,401	2,541,899	99,206,105	(12,895)	104,500,876
FUND BALANCES							
Beginning of year	8,934,959	3,500,000	7,536,398	12,553,546	-	158,587	32,683,490
End of year	$ 10,354,325	$ 4,200,000	$ 8,182,799	$ 15,095,445	$ 99,206,105	$ 145,692	$137,184,366

See notes to financial statements.

INGHAM INTERMEDIATE SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2026

Net Change in Fund Balances Total Governmental Funds	$ 104,500,876
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures in the statement of activities. These costs are allocated over their estimated useful lives as depreciation:	
Depreciation expense	(1,604,863)
Capital outlay	532,606
Net book value of assets disposed	(9,180)
Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:	
Accrued interest payable, beginning of year	96,038
Accrued interest payable, end of year	(77,240)
The issuance of long term debt (e.g. bonds) provides current financial resources to governmental funds, while repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences in the treatment of long-term debt and related items are as follows:	
Proceeds from bonded debt	(91,275,000)
Premium on bonds issued	(8,992,626)
Amortization of bond premium	120,771
Payments on debt	1,792,000
Revenue is recorded on the accrual method in the statement of activities. In the governmental funds it is recorded on the modified accrual method and not considered available:	
Unavailable revenue, beginning of year	(552,571)
Unavailable revenue, end of year	556,288
Compensated absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when the financial resources are used in the governmental funds:	
Compensated absences, beginning of the year	3,540,583
Compensated absences, end of the year	(4,166,759)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:	
Other postemployment benefit related items	6,903,868
Pension related items	8,614,881
Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to section 147c pension contributions subsequent to the measurement period:	
State aid funding for pension	(1,390,309)
Change in Net Position of Governmental Activities	$ 18,589,363

See notes to financial statements.

INGHAM INTERMEDIATE SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2026

	Custodial Funds
ASSETS	
Cash and cash equivalents	$ 71,865
LIABILITIES	
Accounts payable	1,984
NET POSITION	
Restricted for student organizations	$ 69,881

See notes to financial statements.

INGHAM INTERMEDIATE SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2026

	Custodial Funds
ADDITIONS	
Student activity income	$ 67,771
DEDUCTIONS	
Payments made on behalf of student organizations	66,303
NET CHANGE IN NET POSITION	1,468
NET POSITION	
Beginning of year	68,413
End of year	$ 69,881

See notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

Description of Government-wide Financial Statements

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

Basis of Presentation - Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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

Basis of Presentation - Fund Financial Statements

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

The District reports the following *Major Governmental Funds*:

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

The *Special Revenue Funds* account for revenue sources that are restricted or committed to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its *special education fund* and the *career and technical education fund* as special revenue funds.

The *2003 Capital Projects Fund* accounts for the receipt of proceeds from other funds and the acquisition or construction of capital facilities or equipment held by the District.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements (continued)

Major Governmental Funds (continued):

The *2026 Capital Projects Fund* includes capital project activities funded with bonds. For this capital project, the school district has complied with the applicable provisions of Section 1351a of the Revised School Code. The fund is not yet considered substantially complete, and a subsequent year audit is expected.

The following is a summary of the cumulative revenue, other financing sources (uses), and expenditures for the 2026 Capital Projects Fund activity:

	2026 Bond
Revenues and other financing sources	$ 100,287,704
Expenditures and other financing uses	$ 1,081,599

The above revenue and other financing sources figure does include the total 2026 bond proceeds and premium of $100,267,626.

Additionally, the District reports the following *Nonmajor Fund Types*:

The *2011 and 2022 Debt Service Funds* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The District accounts for its *Student/School Activities Fund* as a special revenue fund.

Fiduciary Funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Fiduciary funds are not included in the government-wide statements.

The *custodial fund* consists of assets for the benefit of individuals and the District does not have administrative involvement with the assets or direct financial involvement with the assets. In addition, the assets are not derived from the District's provision of goods or services to those individuals. This fund is used to account for assets that the District holds for others in an agency capacity (primarily student activities).

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting

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

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

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

The fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except for the recognition of certain liabilities to the beneficiaries of a fiduciary activity. Liabilities to beneficiaries are recognized when an event has occurred that compels the District to disburse fiduciary resources.

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

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

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

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

Cash and Cash Equivalents

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

Investments

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

a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.

b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration (NCUA), but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.

c. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase.

d. The United States government or federal agency obligations repurchase agreements.

e. Bankers acceptances of United States banks.

f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Investments (continued)

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

Inventories and Prepaid Items

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

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

Capital Assets

Capital assets, which include property, plant, and equipment, are reported 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 one year. Group purchases are evaluated on a case-by-case basis. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

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

Land and construction in progress, if any, are not depreciated. Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

Capital Asset Classes	Years
Site improvements	5 - 20
Buildings and additions	20 - 50
Equipment	5 - 20

Defined Benefit Plans

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Deferred Outflows

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. They are pension and other postemployment benefits related items reported in the government-wide statement of net position. A deferred outflow is recognized for pension and other postemployment benefit related items. These amounts are expensed in the plan year in which they apply.

Deferred Inflows

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category. The first item arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from receipts that are received after 60 days of year end. These amounts are deferred and recognized as inflow of resources in the period that the amounts become available. The second is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension subsequent to the measurement period. The third and fourth items are future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension and other postemployment benefit liability and the actual results. The amounts are amortized over a period determined by the actuary.

Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Fund Balance Flow Assumptions

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance Policies

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

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

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

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. The liability for compensated absences is reported as incurred in the government-wide financial statements. The liability for compensated absences includes salary and 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 on the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method over the term of the related debt. Bond issuance costs are reported as expenditures in the year in which they are incurred.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses

Program Revenues

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

Property Taxes

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

For the year ended June 30, 2026, the District levied the following amounts per $1,000 of assessed valuation:

Fund	Mills Levied *	T.E.V. (Billions)
General fund		
General education	0.1994	$12.9
Special revenue funds		
Special education fund	4.7384	12.9
Career and technical education fund	1.2906	9.5

* Levied mills are net of Headlee rollback.

NOTE 2 - DEPOSITS AND INVESTMENTS

As of June 30, 2026, the District had deposits and investments subject to the following risks:

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2026, $10,054,636 of the District's bank balance of $10,804,636 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying value on the books for deposits at the end of the year was $10,736,286.

Custodial Credit Risk - Investments

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

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk - Investments (continued)

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

Interest Rate Risk

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

As of June 30, 2026, the District had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
MILAF External Investment Pool - CMC	$ 2,611,850	N/A
MILAF External Investment Pool - MAX	143,935,724	N/A
Mortgaged Backed Securities	273,574	3.79
Total fair value	$ 146,821,148	
Portfolio weighted average maturity		0.007

One day maturity equals 0.0027, one year equals 1.00.

Concentration of Credit Risk

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

Investment Type	Fair Value	Rating	Rating Agency
MILAF External Investment Pool - CMC	$ 2,611,850	AAAm	Standard & Poor's
MILAF External Investment Pool - MAX	143,935,724	AAAm	Standard & Poor's
Mortgaged Backed Securities	273,574	AA+	Standard & Poor's
	$ 146,821,148		

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Foreign Currency Risk

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

Fair Value Measurement

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

Level 1: Quoted prices in active markets for identical securities.

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

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

	Level 2
Investments by fair value level	
Mortgaged Backed Securities	$ 273,574

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

	Amortized Cost
MILAF External Investment Pool - CMC	$ 2,611,850
MILAF External Investment Pool - MAX	143,935,724
	$ 146,547,574

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement (continued)

The above amounts are reported in the financial statements as follows:

	Primary Government	Custodial Fund	Total
Cash and cash equivalents	$ 10,664,421	$ 71,865	$ 10,736,286
Investments	146,821,148	-	146,821,148
	$ 157,485,569	$ 71,865	$ 157,557,434

NOTE 3 - INTERGOVERNMENTAL RECEIVABLES

Amounts due from other governmental units at June 30, 2026 consist of the following:

Other governmental units	
State aid	$ 11,250,741
Federal grants	3,013,331
Other	121,043
	$ 14,385,115

No allowance for doubtful accounts is considered necessary based on previous experience.

NOTE 4 - CAPITAL ASSETS

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

	Balance July 1, 2025	Additions	Deletions	Balance June 30, 2026
Assets not being depreciated/amortized				
Land	$ 373,292	$ -	$ -	$ 373,292
Other capital assets				
Site improvements	1,888,188	173,432	-	2,061,620
Buildings and additions	42,556,128	186,358	(15,790)	42,726,696
Right to use - subscription-based IT	263,285	-	(263,285)	-
Equipment	6,273,501	172,816	(100,196)	6,346,121
Total capital assets being depreciated/amortized	50,981,102	532,606	(379,271)	51,134,437
Accumulated depreciation/amortization				
Site improvements	579,307	96,064	-	675,371
Buildings and additions	16,710,208	1,134,324	(14,210)	17,830,322
Right to use - subscription-based IT	263,285	-	(263,285)	-
Equipment	3,580,160	374,475	(92,596)	3,862,039
Total accumulated depreciation/amortization	21,132,960	1,604,863	(370,091)	22,367,732
Total capital assets being depreciated/amortized, net	29,848,142	(1,072,257)	(9,180)	28,766,705
Net capital assets	$ 30,221,434	$ (1,072,257)	$ (9,180)	$ 29,139,997

Depreciation expense was not allocated to governmental functions. It appears on the statement of activities as "unallocated".

NOTE 5 - LONG-TERM OBLIGATIONS

The following is a summary of long-term obligations for the District for the year ended June 30, 2026:

	General Obligation Bonds	Compensated Absences*	Total
Balance, July 1, 2025	$ 9,931,625	$ 3,540,583	$ 13,472,208
Additions	100,267,626	626,176	100,893,802
Deletions	(1,912,771)	-	(1,912,771)
Balance, June 30, 2026	108,286,480	4,166,759	112,453,239
Due within one year	(4,680,000)	(1,250,028)	(5,930,028)
Due in more than one year	$ 103,606,480	$ 2,916,731	$ 106,523,211

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

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

Long-term obligations at June 30, 2026 are comprised of the following issues:

General Obligations Bonds	
2022 Building and Site bonds due in semi-annual installments of $405,000 to $1,095,000 through October 15, 2030, with interest ranging from 2.00% to 3.35%.	$ 7,415,000
2026 Building and Site bonds due in semi-annual installments ranging from $1,100,000 to $4,100,000 through May 1, 2046, with interest ranging from 4.00% to 5.00%.	91,275,000
Add issuance premium	9,596,480
Total general obligation bonds	108,286,480
Compensated absences	4,166,759
Total general long-term obligations	$ 112,453,239

The annual requirements to amortized long-term obligations outstanding exclusive of compensated absences payments as of June 30, 2026, are as follows:

Year Ending June 30,	General Obligation Bonds Principal	General Obligation Bonds Interest	Compensated Absences	Total
2027	$ 4,680,000	$ 4,067,938	$ -	$ 8,747,938
2028	5,125,000	4,549,875	-	9,674,875
2029	5,630,000	4,292,750	-	9,922,750
2030	5,650,000	4,005,375	-	9,655,375
2031	5,035,000	3,734,375	-	8,769,375
2032-2036	29,925,000	14,595,000	-	44,520,000
2037-2041	25,095,000	6,884,625	-	31,979,625
2042-2046	17,550,000	1,978,500	-	19,528,500
	98,690,000	44,108,438	-	142,798,438
Issuance premium	9,596,480	-	-	9,596,480
Compensated absences	-	-	4,166,759	4,166,759
	$ 108,286,480	$ 44,108,438	$ 4,166,759	$156,561,677

Interest expense at the fund level was approximately $437,000 for the year ended June 30, 2026.

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

Interfund payable and receivable balances at June 30, 2026 are as follows:

Receivable Fund	Amount	Payable Fund	Amount
2003 Capital Projects Fund	$ 8,401,000	Career and Technical Education Fund	$ 400,000
		2026 Capital Projects Fund	1,000
		Special Education Fund	8,000,000
			$ 8,401,000

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in accounting systems, and (3) payments between funds are made.

NOTE 7 - GRANTS

The District receives numerous grants in furtherance of its educational purposes. Sources of grants for the year ended June 30, 2026 are as follows:

Source	General Education	Special Education	Career and Technical Education	Total
Local	$ 1,240,021	$ 19,780	$ -	$ 1,259,801
State	26,537,082	3,916,931	10,391	30,464,404
Federal	2,590,704	13,774,579	341,920	16,707,203
	$ 30,367,807	$ 17,711,290	$ 352,311	$ 48,431,408

Local sources include local governments, private industries, and foundations.

NOTE 8 - TRANSFERS

The general fund, special education fund, and the career and technical education fund transferred $1,500,000, $1,713,295, and $1,750,000, respectively, to the 2003 capital projects fund for future capital projects. The 2003 capital projects fund transferred $2,221,024 to nonmajor funds for the redemption of bonds payable.

NOTE 9 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

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

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

Benefits Provided - Overall

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

Plan Name	Plan Type	Plan Status
Basic	Defined Benefit	Closed
Member Investment Plan (MIP)	Defined Benefit	Closed
Pension Plus	Hybrid	Closed
Pension Plus 2	Hybrid	Open
Defined Contribution	Defined Contribution	Open

Benefits Provided - Pension

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

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

NOTE 9 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2010

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

Pension Reform 2012

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

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

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

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

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

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

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

NOTE 9 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2012 (continued)

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

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

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

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

Pension Reform of 2017

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

New employees hired between February 1, 2018 and June 30, 2024, are automatically enrolled as members in the Pension Plus 2 Plan as of their date of hire. They have 75 days from the last day of their first pay period, as reported to ORS, to elect to opt out of the Pension Plus 2 Plan and become a qualified participant to the DC Plan; if no election is made they will default to the DC Plan. If they elect to opt out of the Pension Plus 2 Plan, their participation in the DC Plan will be retroactive to their date of hire.

Pension Reform of 2023

On November 29, 2023, the Governor signed Public Act 250 of 2023 into law. New employees hired after June 30, 2024, are automatically enrolled as members in the Pension Plus 2 Plan as of their date of hire. They have 75 days from the last day of their first pay period, as reported to ORS, to elect to opt out of the Pension Plus 2 Plan and become a qualified participant in the DC Plan; if no election is made they will remain in the Pension Plus 2 Plan. If they elect to opt out of the Pension Plus 2 Plan, their participation in the DC Plan will be retroactive to their date of hire.

NOTE 9 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Benefits Provided - Other Postemployment Benefit (OPEB)

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

Retiree Healthcare Reform of 2012

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

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

Regular Retirement (no reduction factor for age)

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

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

Member Contributions

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

NOTE 9 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Employer Contributions

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

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

Pension and OPEB contributions made in the fiscal year ending September 30, 2025 were determined as of the September 30, 2022 actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2022 are amortized over a 14-year period beginning October 1, 2024 and ending September 30, 2038.

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

	Pension	Other Postemployment Benefit
October 1, 2025 - September 30, 2026	15.21% - 26.08%	0.00% - 3.83%
October 1, 2024 - September 30, 2025	20.96% - 31.00%	0.00% - 1.25%

The District's pension contributions for the year ended June 30, 2026 were equal to the required contribution total. Total pension contributions were approximately $16,026,000. Of the total pension contributions approximately $15,219,000 was contributed to fund the Defined Benefit Plan and approximately $807,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2026 were equal to the required contribution total. Total OPEB contributions were approximately $1,115,000. Of the total OPEB contributions approximately $684,000 was contributed to fund the Defined Benefit Plan and approximately $431,000 was contributed to fund the Defined Contribution Plan.

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

NOTE 9 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

Pension Liabilities

The net pension liability was measured as of September 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2024 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

MPSERS (Plan) Non-University Employers	September 30, 2025	September 30, 2024
Total pension liability	$ 97,436,103,863	$ 95,765,499,515
Plan fiduciary net position	$ 77,403,114,236	$ 71,283,482,728
Net pension liability	$ 20,032,989,627	$ 24,482,016,787
Proportionate share	0.33089%	0.29630%
Net pension liability for the District	$ 66,286,981	$ 72,539,895

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

For the year ended June 30, 2026, the District recognized pension expense of $6,604,321.

At June 30, 2026, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 2,567,485	$ (590,413)
Net difference between projected and actual earnings on pension plan investments	-	(15,841,169)
Change in assumptions	2,379,230	(3,503,427)
Changes in proportion and difference between employer contributions and proportionate share of contributions	10,752,854	(131,948)
Reporting Unit's contributions subsequent to the measurement date	13,576,403	-
	$ 29,275,972	$ (20,066,957)

$13,576,403, reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

NOTE 9 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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

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

Year Ended June 30,	Amount
2027	$ 2,650,897
2028	(3,681,718)
2029	(2,701,206)
2030	(635,361)
Total	$ (4,367,388)

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

OPEB Liabilities

The net OPEB liability (asset) was measured as of September 30, 2025, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation date of September 30, 2024 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net OPEB liability (asset) was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined.

MPSERS (Plan) Non-University Employers	September 30, 2025	September 30, 2024
Total other postemployment benefit liability	$ 9,360,649,860	$ 9,991,545,923
Plan fiduciary net position	$ 15,439,767,833	$ 14,295,943,589
Net other postemployment benefit liability (asset)	$ (6,079,117,973)	$ (4,304,397,666)
Proportionate share	0.32136%	0.30933%
Net other postemployment benefit liability (asset) for the District	$ (19,536,038)	$ (13,314,680)

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

For the year ended June 30, 2026, the District recognized OPEB benefit of $6,219,854.

NOTE 9 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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

At June 30, 2026, the Reporting Unit 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
Differences between expected and actual experience	$ -	$ (13,375,297)
Changes of assumptions	2,607,294	(207,197)
Net difference between projected and actual earnings on OPEB plan investments	-	(2,745,239)
Changes in proportion and differences between employer contributions and proportionate share of contributions	772,882	(113,807)
Reporting Unit's contributions subsequent to the measurement date	561,243	-
	$ 3,941,419	$ (16,441,540)

$561,243, reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability (asset) in the subsequent fiscal year.

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

Year Ended June 30,	Amount
2027	$ (3,507,274)
2028	(3,425,615)
2029	(3,146,849)
2030	(2,021,449)
2031	(727,939)
2032	(232,238)
	$ (13,061,364)

Actuarial Assumptions

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

NOTE 9 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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

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

Inflation - 3.0%.

Mortality Assumptions -

Retirees: PubT-2010 Male and Female Retiree Mortality Tables scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Active: PubT-2010 Male and Female Employee Mortality Tables scaled 100% and MP-2021 adjusted for mortality improvements using projection scale from 2010.

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

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

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

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

Healthcare Cost Trend Rate for Other Postemployment Benefit - Pre 65, 7.75% for year one and graded to 3.50% in year fifteen. Post 65, 6.50% for year one and graded to 3.50% in year fifteen.

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

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

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

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

NOTE 9 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

The target asset allocation at September 30, 2025 and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Investment Category	Pension	OPEB	Long-term Expected Real Rate of Return*
Domestic Equity Pools	21.0%	16.0%	5.8%
International Equity Pools	14.0%	11.0%	5.6%
Private Equity Pools	16.0%	16.0%	9.3%
Real Estate and Infrastructure Pools	8.0%	5.0%	7.0%
Fixed Income Pools	15.0%	26.0%	2.5%
Absolute Return Pools	13.0%	15.0%	4.4%
Real Return/Opportunistic Pools	9.0%	7.0%	7.0%
Short Term Investment Pools	4.0%	4.0%	1.3%
	100.0%	100.0%	

* Long-term rates of return are net of administrative expenses and 2.4% inflation.

Rate of Return - For fiscal year ended September 30, 2025, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 9.81% and 9.24%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

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

NOTE 9 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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

	Pension		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net pension liability	$ 104,604,512	$ 66,286,981	$ 34,373,383

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

	Other Postemployment Benefits		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability (asset)	$ (16,831,532)	$ (19,536,038)	$ (21,903,066)

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

	Other Postemployment Benefits		
	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability (asset)	$ (21,881,466)	$ (19,536,038)	$ (17,073,415)

Pension and OPEB Plan Fiduciary Net Position

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

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

NOTE 10 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The District participates in a distinct pool of educational institutions within the State of Michigan for self-insuring workers' disability compensation. The pool is considered public entity risk pools. The District pays annual premiums under a retrospectively rated policy to the pools for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The workers' compensation pool maintain reinsurance for claims generally in excess of $500,000 for each occurrence with the overall maximum coverage varying depending on the specific type coverage of reinsurance.

The District continues to carry commercial insurance for other risks of loss, including property, liability, and employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2026 or any of the prior three years.

NOTE 11 - TAX ABATEMENTS

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

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

Municipality	Taxes Abated
Alaiedon Township	$ 136,401
Delhi Township	235,586
Delta Township	49,889
Leroy Township	20,881
Meridian Township	260,798
City of East Lansing	389,673
City of Lansing	1,214,352
City of Mason	22,514
City of Williamston	285
	$ 2,330,379

The District is considered to be an "in-formula" district. The property tax revenue that is abated for the special education and vocational education millage is considered when the State of Michigan determines the District's funding under and section 62 and section 56(7) of the State School Aid Act.

There are no abatements made by the District.

NOTE 12 - CONTINGENT LIABILITIES

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

NOTE 13 - UPCOMING ACCOUNTING PRONOUNCEMENTS

In December 2025, the GASB issued Statement No. 105, *Subsequent Events*. This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2026-2027 fiscal year.

NOTE 14 - CHANGE IN ACCOUNTING PRINCIPLES

For the year ended June 30, 2026, the District implemented the following GASB standards:

GASB Statement No. 103, *Financial Reporting Model Improvements*. The Standard addressed the following areas:

a. Management's discussion and analysis (MD&A)
b. Unusual or infrequent items
c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements should be presented after the fund financial statements;
e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. This Statement also requires additional disclosures for capital assets held for sale.

REQUIRED SUPPLEMENTARY INFORMATION

INGHAM INTERMEDIATE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED JUNE 30, 2026

	Original Budget	Final Budget	Variance with Original and Final Budget	Actual	Variance with Final Budget and Actual
REVENUES					
Local sources	$ 6,049,320	$ 7,182,264	$ 1,132,944	$ 7,272,847	$ 90,583
State sources	5,606,537	6,100,580	494,043	6,329,420	228,840
Federal sources	81,198	81,198	-	81,198	-
Incoming transfers and other transactions	17,241,785	17,477,460	235,675	15,906,919	(1,570,541)
	28,978,840	30,841,502	1,862,662	29,590,384	(1,251,118)
Grants	28,146,539	30,215,920	2,069,381	30,367,807	151,887
TOTAL REVENUES	57,125,379	61,057,422	3,932,043	59,958,191	(1,099,231)
EXPENDITURES					
Instruction	14,976,252	15,050,191	(73,939)	13,687,882	1,362,309
Supporting services	12,631,270	12,600,973	30,297	11,633,222	967,751
Outgoing transfer and other	1,059,455	1,122,788	(63,333)	1,349,914	(227,126)
	28,666,977	28,773,952	(106,975)	26,671,018	2,102,934
Grants	28,146,539	30,215,920	(2,069,381)	30,367,807	(151,887)
TOTAL EXPENDITURES	56,813,516	58,989,872	(2,176,356)	57,038,825	1,951,047
EXCESS OF REVENUES OVER EXPENDITURES	311,863	2,067,550	1,755,687	2,919,366	851,816
OTHER FINANCING (USES)					
Transfers out	(200,000)	(800,000)	(600,000)	(1,500,000)	(700,000)
NET CHANGE IN FUND BALANCE	111,863	1,267,550	1,155,687	1,419,366	151,816
FUND BALANCE					
Beginning of year	8,934,959	8,934,959	-	8,934,959	-
End of year	$ 9,046,822	$ 10,202,509	$ 1,155,687	$ 10,354,325	$ 151,816

INGHAM INTERMEDIATE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - SPECIAL EDUCATION FUND
YEAR ENDED JUNE 30, 2026

	Original Budget	Final Budget	Variance with Original and Final Budget	Actual	Variance with Final Budget and Actual
REVENUES					
Local sources	$ 62,589,399	$ 67,109,072	$ 4,519,673	$ 69,016,292	$ 1,907,220
State sources	26,157,129	27,347,538	1,190,409	27,494,879	147,341
Federal sources	570,807	967,428	396,621	1,090,060	122,632
Incoming transfers and other transactions	576,136	756,558	180,422	848,300	91,742
	89,893,471	96,180,596	6,287,125	98,449,531	2,268,935
Grants	16,258,880	18,527,262	2,268,382	17,711,290	(815,972)
TOTAL REVENUES	106,152,351	114,707,858	8,555,507	116,160,821	1,452,963
EXPENDITURES					
Instruction	6,554,564	7,136,103	(581,539)	7,400,079	(263,976)
Supporting services	43,482,461	45,072,142	(1,589,681)	44,234,558	837,584
Outgoing transfer and other	37,502,754	41,571,654	(4,068,900)	44,401,599	(2,829,945)
	87,539,779	93,779,899	(6,240,120)	96,036,236	(2,256,337)
Grants	16,258,880	18,527,262	(2,268,382)	17,711,290	815,972
TOTAL EXPENDITURES	103,798,659	112,307,161	(8,508,502)	113,747,526	(1,440,365)
EXCESS OF REVENUES OVER EXPENDITURES	2,353,692	2,400,697	47,005	2,413,295	12,598
OTHER FINANCING (USES)					
Transfers out	(1,653,692)	(1,700,697)	(47,005)	(1,713,295)	(12,598)
NET CHANGE IN FUND BALANCE	700,000	700,000	-	700,000	-
FUND BALANCE					
Beginning of year	3,500,000	3,500,000	-	3,500,000	-
End of year	$ 4,200,000	$ 4,200,000	$ -	$ 4,200,000	$ -

INGHAM INTERMEDIATE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - CAREER AND TECHNICAL EDUCATION FUND
YEAR ENDED JUNE 30, 2026

	Original Budget	Final Budget	Variance with Original and Final Budget	Actual	Variance with Final Budget and Actual
REVENUES					
Local sources	$ 11,675,053	$ 12,567,429	$ 892,376	$ 12,619,049	$ 51,620
State sources	2,159,096	2,241,663	82,567	2,398,872	157,209
Incoming transfers and other transactions	480,446	431,585	(48,861)	444,001	12,416
	14,314,595	15,240,677	926,082	15,461,922	221,245
Grants	342,430	341,920	(510)	352,311	10,391
TOTAL REVENUES	14,657,025	15,582,597	925,572	15,814,233	231,636
EXPENDITURES					
Instruction	6,424,747	6,219,177	205,570	6,036,500	182,677
Supporting services	7,032,482	6,817,452	215,030	6,584,122	233,330
Outgoing transfer and other	494,168	594,887	(100,719)	444,899	149,988
	13,951,397	13,631,516	319,881	13,065,521	565,995
Grants	342,430	341,920	510	352,311	(10,391)
TOTAL EXPENDITURES	14,293,827	13,973,436	320,391	13,417,832	555,604
EXCESS OF REVENUES OVER EXPENDITURES	363,198	1,609,161	1,245,963	2,396,401	787,240
OTHER FINANCING (USES)					
Transfers out	(1,000,000)	(1,000,000)	-	(1,750,000)	(750,000)
NET CHANGE IN FUND BALANCE	(636,802)	609,161	1,245,963	646,401	37,240
FUND BALANCE					
Beginning of year	7,536,398	7,536,398	-	7,536,398	-
End of year	$ 6,899,596	$ 8,145,559	$ 1,245,963	$ 8,182,799	$ 37,240

INGHAM INTERMEDIATE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Reporting Unit's proportion of net pension liability (%)	0.33089%	0.29630%	0.27836%	0.27593%	0.27549%	0.27693%	0.27297%	0.26617%	0.26463%	0.26396%
Reporting Unit's proportionate share of net pension liability	$ 66,286,981	$ 72,539,895	$ 90,094,208	$ 103,771,971	$ 65,224,130	$ 95,127,303	$ 90,399,433	$ 80,016,385	$ 68,576,569	$ 65,854,882
Reporting Unit's covered-employee payroll	$ 37,816,004	$ 32,767,905	$ 28,198,006	$ 26,530,277	$ 24,880,266	$ 24,630,781	$ 24,107,812	$ 22,847,473	$ 21,977,214	$ 22,710,105
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	175.29%	221.37%	319.51%	391.15%	262.15%	386.21%	374.98%	350.22%	312.03%	289.98%
Plan fiduciary net position as a percentage of total pension liability (Non-university employers)	79.44%	74.44%	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%

INGHAM INTERMEDIATE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PENSION CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Statutorily required contributions	$ 15,219,202	$ 14,442,136	$ 11,980,577	$ 12,675,459	$ 9,225,354	$ 8,080,642	$ 7,472,582	$ 7,077,224	$ 6,929,167	$ 6,174,280
Contributions in relation to statutorily required contributions	15,219,202	14,442,136	11,980,577	12,675,459	9,225,354	8,080,642	7,472,582	7,077,224	6,929,167	6,174,280
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Reporting Unit's covered-employee payroll	$ 41,238,784	$ 36,816,987	$ 31,545,562	$ 28,588,266	$ 26,153,996	$ 24,543,982	$ 24,720,904	$ 23,728,828	$ 22,592,330	$ 21,882,267
Contributions as a percentage of covered-employee payroll	36.91%	39.23%	37.98%	44.34%	35.27%	32.92%	30.23%	29.83%	30.67%	28.22%

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Reporting Unit's proportion of net OPEB liability/asset (%)	0.32136%	0.30933%	0.28346%	0.27364%	0.27501%	0.27801%	0.27688%	0.26890%	0.26515%
Reporting Unit's proportionate share of net OPEB liability (asset)	$ (19,536,038)	$ (13,314,680)	$ (1,603,535)	$ 5,795,912	$ 4,197,666	$ 14,893,693	$ 19,874,047	$ 21,375,107	$ 23,480,142
Reporting Unit's covered-employee payroll	$ 37,816,004	$ 32,767,905	$ 28,198,006	$ 26,530,277	$ 24,880,266	$ 24,630,781	$ 24,107,812	$ 22,847,473	$ 21,977,214
Reporting Unit's proportionate share of net OPEB liability/asset as a percentage of its covered-employee payroll	51.66%	40.63%	5.69%	21.85%	16.87%	60.47%	82.44%	93.56%	106.84%
Plan fiduciary net position as a percentage of total OPEB liability (non-university employers)	164.94%	143.08%	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

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

INGHAM INTERMEDIATE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S OPEB CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)

	2026	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required OPEB contributions	$ 684,014	$ 189,537	$ 2,619,443	$ 2,313,864	$ 2,168,187	$ 2,118,364	$ 2,087,830	$ 1,958,374	$ 1,960,840
Contributions in relation to statutorily required contributions	684,014	189,537	2,619,443	2,313,864	2,168,187	2,118,364	2,087,830	1,958,374	1,960,840
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Reporting Unit's covered-employee payroll (OPEB)	$ 41,238,784	$ 36,816,987	$ 31,545,562	$ 28,588,266	$ 26,153,996	$ 24,543,982	$ 24,720,904	$ 23,728,828	$ 22,592,330
OPEB contributions as a percentage of covered-employee payroll	1.66%	0.51%	8.30%	8.09%	8.29%	8.63%	8.45%	8.25%	8.68%

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

INGHAM INTERMEDIATE SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2026

NOTE 1 - BUDGETARY BASIS OF ACCOUNTING

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, special education fund, career and technical education fund, and student/school activities fund. The capital projects fund is appropriated on a project-length basis. Other funds do not have appropriated budgets.

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

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

a. The Superintendent submits to the Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.

b. Public hearings are conducted to obtain taxpayer comments.

c. Prior to July 1, the budget is legally adopted by Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund, special education fund, and the career and technical education fund are noted in the budgetary comparison schedule.

d. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the Board.

e. The budget was amended during the year with supplemental appropriations, the last one approved prior to year ended June 30, 2026.

NOTE 2 - BUDGETARY COMPARISON

Significant Variances Between Original and Final Budget

GENERAL FUND

	Variance	Explanation
REVENUES		
Local sources	$ 1,132,944	Budgeted revenues increased primarily due to higher anticipated interest and investment earnings reflecting higher rates and balances, increased Ingham Academy tuition, and updated property tax estimates.
State sources	494,043	Budgeted revenues increased due to additional MPSERS Section 147 funding, including the Section 147c pass-through, higher Section 81 state aid, and a reimbursement related to prior-year Brownfield tax captures.
Grants	2,069,381	Budgeted revenues increased to reflect new grant awards and carryover funding identified during the year, primarily for GSRP, with corresponding increases in budgeted grant expenditures.
EXPENDITURES		
Grants	(2,069,381)	Budgeted expenditures increased to reflect new grant awards and carryover funding identified during the year, primarily for GSRP, with corresponding increases in budgeted grant revenues.
OTHER FINANCING SOURCES (USES)		
Transfers out	(600,000)	Budgeted transfers out increased to provide additional funding to the 2003 Capital Projects Fund for future capital projects.

NOTE 2 - BUDGETARY COMPARISON (continued)

Significant Variances Between Original and Final Budget (continued)

SPECIAL EDUCATION FUND

	Variance	Explanation
REVENUES		
Local sources	$ 4,519,673	Budgeted revenues increased due to updated property tax estimates, higher anticipated interest and investment earnings, and additional Medicaid fee-for-service and outreach revenues passed through to local districts.
State sources	1,190,409	Budgeted revenues increased due to additional MPSERS Section 147 funding, other state categorical aid, and reimbursements related to prior-year Brownfield tax captures, partially offset by reduced Section 51 funding.
Grants	2,268,382	Budgeted revenues increased to reflect new grant awards and carryover funding identified during the year, primarily for Section 27j, with corresponding increases in budgeted grant expenditures.
EXPENDITURES		
Supporting services	(1,589,681)	Budgeted expenditures increased primarily due to higher anticipated pupil transportation costs, a contingency for the potential financial impact of pending litigation related to House Bill 6058 concerning employee health care funding, and additional HWS/Beekman facility costs.
Outgoing transfers and other	(4,068,900)	Budgeted expenditures increased due to higher anticipated special education claims payments to local districts and additional Medicaid fee-for-service and outreach payments to local districts. The additional Medicaid payments were offset by corresponding increases in budgeted local revenues.
Grants	(2,268,382)	Budgeted expenditures increased to reflect new grant awards and carryover funding identified during the year, primarily for Section 27j, with corresponding increases in budgeted grant revenues.

CAREER TECHNICAL EDUCATION FUND

	Variance	Explanation
REVENUES		
Local sources	$ 892,376	Budgeted revenues increased due to updated property tax estimates, higher anticipated interest and investment earnings, and additional Early College tuition for 13th-year students.
EXPENDITURES		
Instruction	205,570	Budgeted expenditures decreased due to reduced program equipment and supply budgets and anticipated savings from vacant positions and staffing changes, partially offset by higher anticipated postsecondary tuition costs.
Supporting services	215,030	Budgeted expenditures decreased primarily due to lower shared cost allocations.

NOTE 2 - BUDGETARY COMPARISON (continued)

Significant Variances Between Final Budget and Actual

GENERAL FUND

	Variance	Explanation
REVENUES		
Incoming transfers and other transactions	$ (1,570,541)	Actual revenues from local districts for services billed at cost, primarily CMSS and the transportation consortium, were below the final budget, reflecting corresponding reductions in service expenditures.
EXPENDITURES		
Instruction	1,362,309	Actual expenditures were below the final budget due to lower CMSS program costs, which are billed to participating districts at cost, and lower spending on instructional support supplies.
Supporting services	967,751	Actual expenditures were below the final budget due to higher indirect cost recoveries from grants, lower salaries and benefits and transportation consortium costs, and an unused contingency for the potential financial impact of HB 6058 litigation concerning employee health care funding.
OTHER FINANCING SOURCES (USES)		
Transfers out	(700,000)	Actual transfers out exceeded the final budget because favorable operating results allowed additional funding to be transferred to the 2003 Capital Projects Fund for future capital projects.

SPECIAL EDUCATION FUND

	Variance	Explanation
REVENUES		
Local sources	$ 1,907,220	Actual revenues exceeded the final budget due to higher Medicaid fee-for-service revenues passed through to local districts and higher property tax revenues, as taxable value adjustments were smaller than anticipated in the budget contingency.
Grants	(815,972)	Actual grant revenues were below the final budget, primarily due to lower Project SEARCH expenditures. Grant revenues are recognized as eligible costs are incurred, resulting in corresponding reductions in grant revenues and expenditures.
EXPENDITURES		
Supporting services	837,584	Actual expenditures were below the final budget due to lower salaries and benefits and an unused contingency for the potential financial impact of HB 6058 litigation concerning employee health care funding.
Outgoing transfers and other	(2,829,945)	Actual expenditures exceeded the final budget due to higher special education claims payments to constituent districts, as higher revenues and lower operating costs increased the amount available for distribution under the Special Education Plan. Medicaid pass-through payments also exceeded budget, offset by corresponding increases in Medicaid revenues.
Grants	815,972	Actual grant expenditures were below the final budget, primarily due to lower Project SEARCH spending, with corresponding reductions in grant revenues.

NOTE 2 - BUDGETARY COMPARISON (continued)

Significant Variances Between Final Budget and Actual (continued)

CAREER TECHNICAL EDUCATION FUND

	Variance	Explanation
REVENUES		
State sources	$ 157,209	Actual revenues exceeded the final budget due to higher MPSERS Section 147 funding, including a larger-than-anticipated Section 147a(2) allocation.
EXPENDITURES		
Instruction	182,677	Actual expenditures were below the final budget because certain program equipment purchases were not made or were deferred to 2026–27, and supply purchases were lower than anticipated.
Support	233,330	Actual expenditures were below the final budget due to an unused contingency for the potential financial impact of HB 6058 litigation concerning employee health care funding, and lower than budgeted shared operating costs.
Outgoing transfer and other	149,988	Actual expenditures were below the final budget because unspent CTE career development grant funding was carried forward to 2026–27.
OTHER FINANCING SOURCES (USES)		
Transfers out	(750,000)	Actual transfers out exceeded the final budget because favorable operating results allowed additional funding to be transferred to the 2003 Capital Projects Fund for future capital projects.

NOTE 3 - PENSION INFORMATION

Benefit Changes

There were no changes of benefit terms for each of the reported plan years ended September 30.

Changes in Assumptions

There were no significant changes of benefit assumptions for each of the reported plan years ended September 30 except for the following:

- 2023 - The valuation includes the impact of an updated experience study for periods from 2017 to 2022.
- 2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.80 percentage points.
- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.25 percentage points.
- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.45 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017.

NOTE 3 - PENSION INFORMATION (continued)

Changes in Assumptions (continued)

- 2017 - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50 percentage points.

NOTE 4 - OPEB INFORMATION

Benefit Changes

There were no changes of benefit terms for each of the reported plan years ended September 30.

Changes in Assumptions

There were no significant changes of benefit assumptions for each of the reported plan years ended September 30 except for the following:

- 2025 - The health care cost trend rate used in the September 30, 2024, actuarial valuation increased by 0.50 percentage points for members under 65. This increased the plan's total OPEB liability by $267 million in 2025.

- 2024 - The health care cost trend rate used in the September 30, 2023 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 0.25 percentage point for members over 65.

- 2023 - The health care cost trend rate used in the September 30, 2022 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 1.00 percentage point for members over 65. In addition, actual per person health benefit costs were lower than projected. The valuation includes the impact of an updated experience study for periods from 2017 to 2022.

- 2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.95 percentage points. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional $1.1 billion in 2022.

- 2021 - The health care cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75 percentage points for members under 65 and decreased by 1.75 percentage points for members over 65. In addition, actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by $1.3 billion in 2021.

- 2020 - The health care cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50 percentage points and actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by $1.8 billion in 2020.

- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional $1.4 billion in 2019.

NOTE 4 - OPEB INFORMATION (continued)

Changes in Assumptions (continued)

- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by $1.4 billion in 2018.

ADDITIONAL SUPPLEMENTARY INFORMATION

INGHAM INTERMEDIATE SCHOOL DISTRICT
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES
JUNE 30, 2026

	Special Revenue	Debt Service		
	Student/School Activities	2011 Debt Service	2022 Debt Service	Total Nonmajor Funds
ASSETS				
Cash and cash equivalents	$ 145,692	$ -	$ -	$ 145,692
FUND BALANCES				
Committed	$ 145,692	$ -	$ -	$ 145,692

INGHAM INTERMEDIATE SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2026

	Special Revenue	Debt Service		
	Student/School Activities	2011 Debt Service	2022 Debt Service	Total Nonmajor Funds
REVENUE				
Local				
Student/school activities	$ 26,367	$ -	$ -	$ 26,367
Federal sources	-	8,558	-	8,558
TOTAL REVENUES	26,367	8,558	-	34,925
EXPENDITURES				
Student/school activities	39,262	-	-	39,262
Debt service				
Principal	-	167,000	1,625,000	1,792,000
Interest	-	8,832	428,250	437,082
Other	-	-	500	500
TOTAL EXPENDITURES	39,262	175,832	2,053,750	2,268,844
EXCESS OF REVENUES (UNDER) EXPENDITURES	(12,895)	(167,274)	(2,053,750)	(2,233,919)
OTHER FINANCING SOURCES				
Transfers in	-	167,274	2,053,750	2,221,024
NET CHANGE IN FUND BALANCE	(12,895)	-	-	(12,895)
FUND BALANCES				
Beginning of year	158,587	-	-	158,587
End of year	$ 145,692	$ -	$ -	$ 145,692

INGHAM INTERMEDIATE SCHOOL DISTRICT
TAX SUMMARY
YEAR ENDED JUNE 30, 2026

	2025 Taxes Levied - Net of TV Changes Through 6/30/26	Taxes Collected	Balance Due 6/30/26
General education fund			
Ingham County	$ 2,052,242	$ 2,045,678	$ 6,564
Eaton County	208,871	208,620	251
Clinton County	139,281	138,837	444
Livingston County	37,991	38,013	(22)
Jackson County	32,422	32,396	26
Washtenaw County	8,669	8,559	110
Shiawassee County	2,029	2,029	-
Total general education fund	2,481,505	2,474,132	7,373
Special revenue funds			
Special education fund			
Ingham County	48,768,015	48,611,895	156,120
Eaton County	4,963,470	4,957,480	5,990
Clinton County	3,309,771	3,299,184	10,587
Livingston County	902,794	903,301	(507)
Jackson County	770,453	769,816	637
Washtenaw County	206,009	203,384	2,625
Shiawassee County	48,214	48,214	-
Total special education fund	58,968,726	58,793,274	175,452
Career and technical education fund			
Ingham County	9,723,889	9,711,190	12,699
Eaton County	1,238,656	1,237,071	1,585
Clinton County	507,772	506,148	1,624
Livingston County	245,894	246,032	(138)
Jackson County	209,849	209,675	174
Washtenaw County	56,111	55,396	715
Shiawassee County	13,132	13,132	-
Total career and technical education fund	11,995,303	11,978,644	16,659
Total special revenue funds	70,964,029	70,771,918	192,111
TOTAL ALL FUNDS	$ 73,445,534	$ 73,246,050	$ 199,484

INGHAM INTERMEDIATE SCHOOL DISTRICT
TAX SUMMARY (CONTINUED)
YEAR ENDED JUNE 30, 2026

	2025 Taxes Levied - Net of TV Changes Through 6/30/26	Taxes Collected	Balance Due 6/30/26
Combined (all funds)			
Ingham County	$ 60,544,146	$ 60,368,763	$ 175,383
Eaton County	6,410,997	6,403,171	7,826
Clinton County	3,956,824	3,944,169	12,655
Livingston County	1,186,679	1,187,346	(667)
Jackson County	1,012,724	1,011,887	837
Washtenaw County	270,789	267,339	3,450
Shiawassee County	63,375	63,375	-
Subtotal all funds	73,445,534	73,246,050	199,484
Total current levy - all funds and counties	73,445,534	$ 73,246,050	199,484
Delinquent property tax adjustments	(243,049)		
Total property tax revenue	$ 73,202,485		
2025 taxes levied receivable			199,484
Prior years			
Uncollected, beginning of year			345,995
Collections/SEV changes/write-offs			32,294
Uncollected, end of year			378,289
Total taxes receivable			$ 577,773

INGHAM INTERMEDIATE SCHOOL DISTRICT
BONDED DEBT
JUNE 30, 2026

$13,690,000 Building and site bonds issued in 2022:

Principal Due April 15	Principal Due October 15	Interest Due April 15	Interest Due October 15	Net-Debt Service Requirement for Fiscal Year June 30,	Net-Debt Service Requirement for Fiscal Year Amount
$ 740,000	$ 985,000	$ 160,750	$ 185,375	2027	$ 2,071,125
800,000	1,025,000	116,625	142,250	2028	2,083,875
870,000	1,060,000	70,125	96,625	2029	2,096,750
405,000	1,095,000	21,000	48,375	2030	1,569,375
-	435,000	-	10,875	2031	445,875
$ 2,815,000	$ 4,600,000	$ 368,500	$ 483,500		$ 8,267,000

INGHAM INTERMEDIATE SCHOOL DISTRICT
BONDED DEBT
JUNE 30, 2026

$91,275,000 Building and site bonds issued in 2026:

Principal Due May 1	Principal Due November 1	Interest Due May 1	Interest Due November 1	Net-Debt Service Requirement for Fiscal Year June 30,	Net-Debt Service Requirement for Fiscal Year Amount
$ 1,205,000	$ 1,750,000	$ 2,200,625	$ 1,521,188	2027	$ 6,676,813
1,300,000	2,000,000	2,120,500	2,170,500	2028	7,591,000
1,700,000	2,000,000	2,038,000	2,088,000	2029	7,826,000
1,950,000	2,200,000	1,940,500	1,995,500	2030	8,086,000
2,200,000	2,400,000	1,831,750	1,891,750	2031	8,323,500
2,400,000	2,700,000	1,709,250	1,776,750	2032	8,586,000
2,500,000	3,000,000	1,574,250	1,649,250	2033	8,723,500
2,700,000	3,250,000	1,430,500	1,511,750	2034	8,892,250
2,825,000	3,600,000	1,273,000	1,363,000	2035	9,061,000
3,050,000	3,900,000	1,104,875	1,202,375	2036	9,257,250
3,000,000	4,000,000	928,625	1,028,625	2037	8,957,250
3,250,000	4,100,000	751,125	853,625	2038	8,954,750
1,250,000	2,225,000	614,250	669,875	2039	4,759,125
1,320,000	2,300,000	525,500	583,000	2040	4,728,500
1,450,000	2,200,000	437,500	492,500	2041	4,580,000
1,350,000	2,400,000	341,250	401,250	2042	4,492,500
1,400,000	2,300,000	250,000	307,500	2043	4,257,500
1,300,000	2,300,000	157,500	215,000	2044	3,972,500
1,100,000	2,300,000	85,500	131,500	2045	3,617,000
1,200,000	1,900,000	25,500	63,500	2046	3,189,000
$ 38,450,000	$ 52,825,000	$ 21,340,000	$ 21,916,438		$ 134,531,438

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

To the Board of Education of the
Ingham Intermediate School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ingham Intermediate School District, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise Ingham Intermediate School District's basic financial statements, and have issued our report thereon dated October 16, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Maner Costerisan PC

Lansing, Michigan
October 16, 2026

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October 16, 2026

To the Board of Education of
Ingham Intermediate School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ingham Intermediate School District for the year ended June 30, 2026 Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Ingham Intermediate School District are described in Note 1 to the financial statements. As described in Note 14 to the financial statements, the district adopted Governmental Accounting Standards Board (GASB) Statements No. 103, *Financial Reporting Model Improvements* and No. 104, *Disclosure of Certain Capital Assets* during the year ended June 30, 2026. Accordingly, the cumulative effects of the accounting changes are reported in the applicable financial statements and note disclosures. We noted no transactions entered into by Ingham Intermediate School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's calculation of the depreciation/amortization expense is based on the estimated useful lives of the capital assets.

Management's calculation of the accrued compensated absences is based on current hourly rates, historical usage, and policies regarding payment of sick and vacation banks.

The calculation of the net pension liability and related deferred outflows and inflows of resources is based on an actuarial study which utilized certain actuarial assumptions.

The calculation of the net other post-employment benefits asset and related deferred outflows and inflows of resources is based upon an actuarial study which utilized certain actuarial assumptions.

Management's estimate of the discount rate used for leases, the lease term and lease payments/receipts is based on the District's incremental borrowing rate and consideration of the noncancelable period of the lease and reasonably certain lease options.

Investments are carried at fair value, which is defined as the amount that the District could reasonably expect to receive for an investment in a current sale between a willing buyer and a willing seller and is generally measured by quoted market prices.

We evaluated the key factors and assumptions used to develop these accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole.
The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. No misstatements were detected as a result of audit procedures.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 16, 2026.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Ingham Intermediate School District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Ingham Intermediate School District's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on other supplementary information, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the management and members of the Board of Education of Ingham Intermediate School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Maner Costerisan PC

Lansing, Michigan