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# Lewis Cass Intermediate School District

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**Financial Report  
with Supplemental Information  
June 30, 2019**

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## **Independent Auditor's Report**

To the Board of Education  
Lewis Cass Intermediate School District

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lewis Cass Intermediate School District (the "Intermediate School District") as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise Lewis Cass Intermediate School District's basic financial statements, as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Opinions***

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 Lewis Cass Intermediate School District as of June 30, 2019 and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Education  
Lewis Cass Intermediate School District

**Required Supplemental Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the major fund budgetary comparison schedules, and the pension and OPEB system schedules of funding progress and employer contributions, as disclosed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 supplemental 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.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2019 on our consideration of Lewis Cass Intermediate School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 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 Lewis Cass Intermediate School District's internal control over financial reporting and compliance.



October 21, 2019

This section of Lewis Cass Intermediate School District's (the "Intermediate School District") annual financial report presents our discussion and analysis of the Intermediate School District's financial performance during the year ended June 30, 2019. Please read it in conjunction with the Intermediate School District's financial statements, which immediately follow this section.

### **Using This Annual Report**

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand Lewis Cass Intermediate School District financially as a whole. The government-wide financial statements provide information about the activities of the whole Intermediate School District, presenting both an aggregate view of the Intermediate School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term, as well as what remains for future spending. The fund financial statements look at the Intermediate School District's operations in more detail than the government-wide financial statements by providing information about the Intermediate School District's most significant funds - the General Fund, the Special Education Fund, and the Capital Projects Fund - with the other fund presented in one column as a nonmajor fund. The remaining statements, the statements of fiduciary net position and changes in fiduciary net position, present financial information about activities for which the Intermediate School District acts solely as an agent for the benefit of students and parents. This report is composed of the following elements:

### **Management's Discussion and Analysis (MD&A) (Required Supplemental Information)**

#### **Basic Financial Statements**

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

#### **Required Supplemental Information**

Budgetary Information for the General Fund and the Special Education Fund

Schedule of Proportionate Share of the Net Pension Liability

Schedule of Pension Contributions

Schedule of Proportionate Share of the Net OPEB Liability

Schedule of OPEB Contributions

#### **Other Supplemental Information**

### ***Reporting the Intermediate School District as a Whole - Government-wide Financial Statements***

One of the most important questions asked about the Intermediate School District is, "As a whole, what is the Intermediate School District's financial condition as a result of the year's activities?" The statement of net position and the statement of activities, which appear first in the Intermediate School District's financial statements, report information on the Intermediate School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenue and expenses are taken into account, regardless of when cash is received or paid.

## Lewis Cass Intermediate School District

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### Management's Discussion and Analysis (Continued)

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These two statements report the Intermediate School District's net position - the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, as reported in the statement of net position - as one way to measure the Intermediate School District's financial health or financial position. Over time, increases or decreases in the Intermediate School District's net position - as reported in the statement of activities - are indicators of whether its financial health is improving or deteriorating. The relationship between revenue and expenses is the Intermediate School District's operating results. However, the Intermediate School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the Intermediate School District.

The statement of net position and the statement of activities report the governmental activities for the Intermediate School District, which encompass all of the Intermediate School District's services, including instruction, support services, community services, and food services. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities.

#### ***Reporting the Intermediate School District's Fund Financial Statements***

The Intermediate School District's fund financial statements provide detailed information about the most significant funds, not the Intermediate School District as a whole. Some funds are required to be established by state law and by bond covenants. However, the Intermediate School District establishes many other funds to help it control and manage money for particular purposes (the Food Service Fund is an example) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects).

#### **Governmental Funds**

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

#### **The Intermediate School District as Trustee - Reporting the Intermediate School District's Fiduciary Responsibilities**

The Intermediate School District is the trustee, or fiduciary, for its student activity funds. All of the Intermediate School District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. We exclude these activities from the Intermediate School District's other financial statements because the Intermediate School District cannot use these assets to finance its operations. The Intermediate School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## Lewis Cass Intermediate School District

### Management's Discussion and Analysis (Continued)

#### The Intermediate School District as a Whole

Recall that the statement of net position provides the perspective of the Intermediate School District as a whole. The following table provides a summary of the Intermediate School District's net position as of June 30, 2019 and 2018:

	Governmental Activities	
	2019	2018
	(in millions)	
<b>Assets</b>		
Current and other assets	\$ 9.2	\$ 7.8
Capital assets	4.3	3.2
Total assets	13.5	11.0
<b>Deferred Outflows of Resources</b>	7.1	4.0
<b>Liabilities</b>		
Current liabilities	2.8	1.4
Noncurrent liabilities	0.1	0.2
Net pension liability	17.8	15.0
Net OPEB liability	4.8	5.1
Total liabilities	25.5	21.7
<b>Deferred Inflows of Resources</b>	3.2	1.7
<b>Net Position</b>		
Net investment in capital assets	4.3	3.2
Unrestricted	(12.4)	(11.6)
Total net position	<u>\$ (8.1)</u>	<u>\$ (8.4)</u>

The above analysis focuses on net position. The change in net position of the Intermediate School District's governmental activities is discussed below. The Intermediate School District's net position was \$(8.1) million at June 30, 2019. Net investment in capital assets totaling \$4.3 million compares the original cost, less depreciation of the Intermediate School District's capital assets, to long-term debt used to finance the acquisition of those assets. The remaining amount of net position (\$(12.4) million) was unrestricted.

The \$(12.4) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations and the impact from adoption of GASB Statement Nos. 68 and 75 (recording the School District's share of the net pension and OPEB liabilities from the state-managed retirement system). Unrestricted net position, when available, would enable the Intermediate School District to meet working capital and cash flow requirements, as well as to provide for future uncertainties. The operating results of the General Fund and the change in the net pension/OPEB liabilities will have significant impacts on the change in unrestricted net position (deficit) from year to year.

## Lewis Cass Intermediate School District

### Management's Discussion and Analysis (Continued)

The results of this year's operations for the Intermediate School District as a whole are reported in the condensed statement of activities below, which shows the changes in net position for the years ended June 30, 2019 and 2018:

	Governmental Activities	
	2019	2018
	(in millions)	
<b>Revenue</b>		
Program revenue:		
Charges for services	\$ 0.6	\$ 0.6
Operating grants	8.4	7.9
General revenue:		
Taxes	3.9	3.7
State aid not restricted to specific purposes	0.3	0.3
Other	0.3	0.3
Total revenue	13.5	12.8
<b>Expenses</b>		
Instruction	3.2	3.3
Support services	8.1	8.6
Food services	0.1	-
Community services	1.4	1.4
Interdistrict payments	0.1	0.2
Depreciation expense (unallocated)	0.3	0.3
Total expenses	13.2	13.8
<b>Change in Net Position</b>	0.3	(1.0)
<b>Net Position - Beginning of year</b>	(8.4)	(7.4)
<b>Net Position - End of year</b>	<b>\$ (8.1)</b>	<b>\$ (8.4)</b>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$13.2 million. Certain activities were partially funded from those who benefited from the programs (\$0.6 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$8.4 million). We paid for the remaining "public benefit" portion of our governmental activities with \$3.9 million in taxes, \$0.3 million in state foundation allowance, and with our other revenue (i.e., interest and general entitlements).

The Intermediate School District experienced an increase in net position of \$0.3 million.

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

#### **The Intermediate School District's Funds**

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

As the Intermediate School District completed this year, the governmental funds reported a combined fund balance of \$6.4 million, which is a decrease of approximately \$52,000 from last year.

# Lewis Cass Intermediate School District

## Management's Discussion and Analysis (Continued)

In the General Fund, our principal operating fund, the fund balance increased by approximately \$0.2 million to \$1.9 million due to an increase in local revenue received during the year that could be used to offset current year expenditures.

The fund balance of our special revenue fund increased by approximately \$0.2 million to \$3.8 million this year. The primary reason for the change in fund balance was due to the increase in state aid and operating grants.

The fund balance of our Capital Projects Fund decreased by \$0.4 million due to the funding of the new building addition and renovation.

### **General Fund Budgetary Highlights**

Over the course of the year, the Intermediate School District revises its budget as it attempts to deal with unexpected changes in revenue and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted in June 2019. A schedule showing the Intermediate School District's original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements. There were no significant revisions made between the original and final budget for the General Fund. There was one significant revision made between the original and final budget for the Special Education Fund related to the amendment for the capital outlay expenses in the amount of \$800,000 for the new building project.

There were no significant variances between the final budget and actual amounts other than the differences discussed in Note 3 to the financial statements.

### **Capital Assets and Debt Administration**

#### ***Capital Assets***

As of June 30, 2019, the Intermediate School District had \$4.3 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This amount represents a net increase (including additions, disposals, and depreciation) of approximately \$1.1 million, or 34.4 percent, from last year.

	<u>2019</u>	<u>2018</u>
Land	\$ 60,000	\$ 60,000
Construction in progress	1,164,074	55,534
Buildings and improvements	4,630,252	4,501,526
Furniture and equipment	656,585	593,725
Buses and other vehicles	<u>1,475,587</u>	<u>1,377,142</u>
Total capital assets	7,986,498	6,587,927
Less accumulated depreciation	<u>3,642,632</u>	<u>3,358,018</u>
Total capital assets - Net of accumulated depreciation	<u><b>\$ 4,343,866</b></u>	<u><b>\$ 3,229,909</b></u>

We present more detailed information about our capital assets in the notes to the financial statements.

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

This financial report is intended to provide our taxpayers, parents, and investors with a general overview of the Intermediate School District's finances and to show the Intermediate School District's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the business office.

# Lewis Cass Intermediate School District

## Statement of Net Position

June 30, 2019

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and investments (Note 4)	\$ 7,468,616
Receivables - Due from other governments	1,651,308
Prepaid expenses and other assets	795
Capital assets - Net (Note 6)	<u>4,343,866</u>
Total assets	13,464,585
<b>Deferred Outflows of Resources</b>	
Deferred pension costs (Note 11)	6,185,000
Deferred OPEB costs (Note 11)	<u>961,962</u>
Total deferred outflows of resources	7,146,962
<b>Liabilities</b>	
Accounts payable	965,110
Accrued payroll and other liabilities	901,083
Unearned revenue (Note 5)	902,908
Noncurrent liabilities:	
Due within one year (Note 8)	11,386
Due in more than one year (Note 8)	221,795
Net pension liability (Note 11)	17,754,499
Net OPEB liability (Note 11)	<u>4,760,465</u>
Total liabilities	25,517,246
<b>Deferred Inflows of Resources</b>	
Revenue in support of pension contributions made subsequent to the measurement date (Note 11)	662,645
Deferred pension cost reductions (Note 11)	1,457,745
Deferred OPEB cost reductions (Note 11)	<u>1,070,522</u>
Total deferred inflows of resources	<u>3,190,912</u>
<b>Net Position</b>	
Net investment in capital assets	4,292,736
Unrestricted	<u>(12,389,347)</u>
Total net position	<u><b>\$ (8,096,611)</b></u>

# Lewis Cass Intermediate School District

## Statement of Activities

Year Ended June 30, 2019

Functions/Programs	Program Revenue			Governmental
	Expenses	Charges for Services	Operating Grants and Contributions	Activities
				Net (Expense) Revenue and Changes in Net Position
Primary government - Governmental activities:				
Instruction	\$ 3,271,469	\$ 552,649	\$ 2,110,964	\$ (607,856)
Support services	8,075,324	41,588	4,925,584	(3,108,152)
Food services	53,853	-	-	(53,853)
Community services	1,430,728	-	1,329,190	(101,538)
Interdistrict payments	148,127	-	-	(148,127)
Depreciation expense (unallocated) (Note 6)	284,614	-	-	(284,614)
Total primary government	<b>\$ 13,264,115</b>	<b>\$ 594,237</b>	<b>\$ 8,365,738</b>	(4,304,140)
General revenue:				
Property taxes levied for general and special education purposes				3,873,777
State aid not restricted to specific purposes				329,549
Interest and investment earnings				84,664
Penalties, interest, and other taxes				18,504
Gain on sale of capital assets				1,100
Other				277,955
Total general revenue				<u>4,585,549</u>
<b>Change in Net Position</b>				281,409
<b>Net Position - Beginning of year</b>				<u>(8,378,020)</u>
<b>Net Position - End of year</b>				<b><u>\$ (8,096,611)</u></b>

# Lewis Cass Intermediate School District

## Governmental Funds Balance Sheet

June 30, 2019

	General Fund	Special Education Fund	Capital Projects Fund	Nonmajor Fund Food Service Fund	Total Governmental Funds
<b>Assets</b>					
Cash and investments (Note 4)	\$ 2,328,339	\$ 3,935,113	\$ 1,190,267	\$ 14,897	\$ 7,468,616
Receivables - Due from other governments	672,447	978,861	-	-	1,651,308
Prepaid expenses and other assets	199	596	-	-	795
<b>Total assets</b>	<b>\$ 3,000,985</b>	<b>\$ 4,914,570</b>	<b>\$ 1,190,267</b>	<b>\$ 14,897</b>	<b>\$ 9,120,719</b>
<b>Liabilities</b>					
Accounts payable	\$ 34,186	\$ 353,449	\$ 565,778	\$ 11,697	\$ 965,110
Accrued payroll and other liabilities	165,690	735,393	-	-	901,083
Unearned revenue (Note 5)	902,908	-	-	-	902,908
<b>Total liabilities</b>	<b>1,102,784</b>	<b>1,088,842</b>	<b>565,778</b>	<b>11,697</b>	<b>2,769,101</b>
<b>Fund Balances</b>					
Nonspendable - Prepays	199	596	-	-	795
Restricted:					
Special education	-	3,825,132	-	-	3,825,132
Food service	-	-	-	3,200	3,200
Assigned:					
Budgeted use of fund balance in subsequent year	34,589	-	-	-	34,589
Capital projects	-	-	624,489	-	624,489
Unassigned	1,863,413	-	-	-	1,863,413
<b>Total fund balances</b>	<b>1,898,201</b>	<b>3,825,728</b>	<b>624,489</b>	<b>3,200</b>	<b>6,351,618</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,000,985</b>	<b>\$ 4,914,570</b>	<b>\$ 1,190,267</b>	<b>\$ 14,897</b>	<b>\$ 9,120,719</b>

# Lewis Cass Intermediate School District

## Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2019

<b>Fund Balances Reported in Governmental Funds</b>	\$ 6,351,618
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds:	
Cost of capital assets	7,986,498
Accumulated depreciation	<u>(3,642,632)</u>
Net capital assets used in governmental activities	4,343,866
Capital lease obligations are not due and payable in the current period and are not reported in the funds	(51,130)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(182,051)
Net pension liability and related deferred inflows and outflows	(13,027,244)
Net OPEB liability and related deferred inflows and outflows	(4,869,025)
Revenue in support of pension contributions made subsequent to the measurement date is reported as a deferred inflow of resources in the statement of net position and is not reported in the funds	<u>(662,645)</u>
<b>Net Position of Governmental Activities</b>	<b><u><u>\$ (8,096,611)</u></u></b>

# Lewis Cass Intermediate School District

## Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances

**Year Ended June 30, 2019**

	General Fund	Special Education Fund	Capital Projects Fund	Nonmajor Fund Food Service Fund	Total Governmental Funds
<b>Revenue</b>					
Local sources	\$ 2,006,173	\$ 4,160,479	\$ 20,340	\$ -	\$ 6,186,992
State sources	1,919,435	3,087,022	-	-	5,006,457
Federal sources	153,212	1,694,093	-	-	1,847,305
Interdistrict sources	35,241	550,409	-	-	585,650
Total revenue	<u>4,114,061</u>	<u>9,492,003</u>	<u>20,340</u>	<u>-</u>	<u>13,626,404</u>
<b>Expenditures</b>					
Current:					
Instruction	706,354	2,363,365	-	-	3,069,719
Support services	1,645,943	6,019,472	-	-	7,665,415
Food services	-	-	-	53,853	53,853
Community services	1,408,009	-	-	-	1,408,009
Capital outlay	9,429	667,529	721,613	-	1,398,571
Interdistrict payments	78,635	69,492	-	-	148,127
Total expenditures	<u>3,848,370</u>	<u>9,119,858</u>	<u>721,613</u>	<u>53,853</u>	<u>13,743,694</u>
<b>Excess of Revenue Over (Under) Expenditures</b>	265,691	372,145	(701,273)	(53,853)	(117,290)
<b>Other Financing Sources (Uses)</b>					
Face value of capital lease available	9,429	53,431	-	-	62,860
Proceeds from sale of capital assets	-	1,100	-	-	1,100
Transfers in (Note 7)	-	-	250,000	55,000	305,000
Transfers out (Note 7)	(100,000)	(205,000)	-	-	(305,000)
Total other financing (uses) sources	<u>(90,571)</u>	<u>(150,469)</u>	<u>250,000</u>	<u>55,000</u>	<u>63,960</u>
<b>Net Change in Fund Balances</b>	175,120	221,676	(451,273)	1,147	(53,330)
<b>Fund Balances - Beginning of year</b>	<u>1,723,081</u>	<u>3,604,052</u>	<u>1,075,762</u>	<u>2,053</u>	<u>6,404,948</u>
<b>Fund Balances - End of year</b>	<u><u>\$ 1,898,201</u></u>	<u><u>\$ 3,825,728</u></u>	<u><u>\$ 624,489</u></u>	<u><u>\$ 3,200</u></u>	<u><u>\$ 6,351,618</u></u>

**Lewis Cass Intermediate School District**

**Governmental Funds**  
**Reconciliation of the Statement of Revenue, Expenditures, and Changes in**  
**Fund Balances to the Statement of Activities**

**Year Ended June 30, 2019**

<b>Net Change in Fund Balances Reported in Governmental Funds</b>	<b>\$ (53,330)</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capitalized capital outlay	1,398,571
Depreciation expense	(284,614)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	(31,027)
Revenue in support of pension contributions made subsequent to the measurement date	(50,953)
Issuing capital lease obligations provides current financial resources to governmental funds, but increases long-term liabilities in the statement of net position	(62,860)
Repayment of capital lease is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	11,730
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	(646,108)
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 281,409</u></b>

## Lewis Cass Intermediate School District

### Fiduciary Funds Statement of Fiduciary Net Position

June 30, 2019

	Private Purpose Trust Fund	Agency Fund - Student Activity Fund
<b>Assets - Cash (Note 4)</b>	\$ 29,747	<u>\$ 34,503</u>
<b>Liabilities Held for Scholarships - Due to agency fund activities</b>	-	<u>\$ 34,503</u>
<b>Net Position Held for Scholarships - Held for scholarships</b>	<u>\$ 29,747</u>	

## Lewis Cass Intermediate School District

### Fiduciary Funds Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2019

	<u>Private Purpose Trust Fund</u>
<b>Additions</b> - Investment income	\$ 1,922
<b>Deductions</b>	
Distributions	1,100
Administrative fees	<u>398</u>
Total deductions	<u>1,498</u>
<b>Net Increase in Net Position</b>	424
<b>Net Position</b> - Held for scholarships - Beginning of year	<u>29,323</u>
<b>Net Position</b> - Held for scholarships - End of year	<u><u>\$ 29,747</u></u>

June 30, 2019

### Note 1 - Nature of Business

Lewis Cass Intermediate School District (the "Intermediate School District") is an intermediate school district in the state of Michigan that provides educational services to students.

### Note 2 - Significant Accounting Policies

#### *Accounting and Reporting Principles*

Lewis Cass Intermediate School District follows accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board. The following is a summary of the significant accounting policies used by the Intermediate School District:

#### *Reporting Entity*

The Intermediate School District is governed by an elected five-member Board of Education. In accordance with government accounting principles, there are no separate legal entities appropriate to be reported within these financial statements.

#### *Report Presentation*

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. 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 primary government. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue 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 statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

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

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

**Note 2 - Significant Accounting Policies (Continued)**

***Fund Accounting***

The Intermediate School District accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the Intermediate School District to show the particular expenditures for which specific revenue is used. The various funds are aggregated into the following fund types:

**Governmental Funds**

Governmental funds include all activities that provide general governmental services that are not business-type activities. Governmental funds can include the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The Intermediate School District reports the following funds as “major” governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Special Education Fund is used to record all transactions associated with special education programs administered by the Intermediate School District, as well as payments to local districts within the Intermediate School District to fund special education activities. These programs are funded primarily by taxes, state aid categoricals, Medicaid funding, and federal grants.
- The Capital Projects Fund is used to record amounts transferred from the General Fund and Special Education Fund or other revenue from the disbursement of invoices specifically for acquiring new school sites, buildings, equipment, and for remodeling and repairs. The fund is kept open until the purpose for which the fund was created has been accomplished.

Additionally, the Intermediate School District reports the following nonmajor governmental fund type:

- Special revenue funds (nonmajor) - Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes. The Intermediate School District's nonmajor special revenue fund is the Food Service Fund. Revenue sources for the Food Service Fund include sales to customers and dedicated grants from state and federal sources. Any operating deficit generated by these activities is the responsibility of the General Fund.

**Fiduciary Funds**

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts are not used to operate the Intermediate School District's programs. Activities that are reported as fiduciary include the following:

- Private Purpose Trust Fund - The Private Purpose Trust Fund is used to account for resources legally held in trust used for scholarship awards.
- Student Activity Fund - The Intermediate School District presently maintains agency funds to record the transactions of student groups for school and school-related purposes. The funds are segregated and held in trust for the students.

**Note 2 - Significant Accounting Policies (Continued)**

**Interfund Activity**

During the course of operations, the Intermediate School 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, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Furthermore, 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, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

**Basis of Accounting**

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the Intermediate School District has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and OPEB or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the Intermediate School District considers amounts collected within 60 days of year end to be available for recognition. Revenue not meeting this definition is classified as a deferred inflow of resources.

Fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred regardless of the timing of related cash flows.

**Specific Balances and Transactions**

**Cash and Investments**

Cash and investments include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value, except for MILAF MAX Class funds, which are valued at amortized cost.

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements, when applicable.

**Note 2 - Significant Accounting Policies (Continued)**

**Capital Assets**

Capital assets, which include land, buildings and improvements, equipment and furniture, and buses and other vehicles, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the Intermediate School District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Costs of normal repairs and maintenance that do not add to the value or materially extend asset life are not capitalized.

Capital assets are depreciated using the straight-line method over the following useful lives:

<u>Asset Class</u>	<u>Depreciable Life - Years</u>
Buildings and improvements	5-50
Furniture and equipment	5-20
Buses and other vehicles	5-10

**Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

**Compensated Absences (Vacation and Sick Leave)**

It is the Intermediate School District's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Sick pay is accrued for the estimated amount that the Intermediate School District will pay upon employment termination; vacation pay is accrued when incurred. Both of these are reported in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. Generally, the funds that report each employee's compensation are used to liquidate the obligations.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then.

The Intermediate School District reports deferred outflows related to deferred pension and OPEB costs.

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 represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

The Intermediate School District reports deferred inflows related to revenue in support of pension contributions made subsequent to the measurement date and deferred pension and OPEB plan costs.

**Net Position**

Net position of the Intermediate School District is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

**Note 2 - Significant Accounting Policies (Continued)**

**Net Position Flow Assumption**

The Intermediate School District will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Intermediate School District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**Fund Balance Flow Assumptions**

The Intermediate School District will sometimes 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 Intermediate School District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first followed by assigned fund balance. Unassigned fund balance is applied last.

**Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. The Intermediate School 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 Intermediate School District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the Intermediate School District that can, by prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the passing of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Intermediate School District has, by resolution, authorized the 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.

The fund balance policy prescribes the minimum fund balance as 10 percent of the preceding year's expenditures in the General Fund. This is deemed to be the prudent amount to maintain the Intermediate School District's ability to meet obligations as they come due throughout the year.

**Note 2 - Significant Accounting Policies (Continued)**

**Property Tax Revenue**

Properties are assessed as of December 31, and the related property taxes become a lien on July 1 of the following year. Tax collections are forwarded to the Intermediate School District as collected by the assessing municipalities through March 1, at which time they are considered delinquent and added to county tax rolls. Any delinquent taxes collected by the county are remitted to the Intermediate School District by June 30. The Intermediate School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

**Grants and Contributions**

The Intermediate School District receives federal, state, and local grants, as well as contributions from individuals and private organizations. Revenue from grants and contributions (including contributions of capital assets) is recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenue. Amounts restricted to capital acquisitions are reported after nonoperating revenue and expenses.

**Pension and Other Postemployment Benefit (OPEB) Plans**

For the purpose of measuring the net pension and net OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to each plan, and pension and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System (MPERS) and additions to/deductions from the MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. MPERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expenses when due and payable in accordance with the plan benefit terms. Related plan investments are reported at fair value.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Upcoming Accounting Pronouncements**

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The Intermediate School District has evaluated the impact this standard will have on the financial statements. As of July 1, 2019, the Intermediate School District will report the activities and related balances currently reported as fiduciary in a newly created special revenue fund.

**Note 2 - Significant Accounting Policies (Continued)**

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Intermediate School District is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Intermediate School District's financial statements for the year ending June 30, 2021.

**Note 3 - Stewardship, Compliance, and Accountability**

***Budgetary Information***

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund and all special revenue funds. All annual appropriations lapse at fiscal year end. The budget document presents information by fund or function. The General Fund budget document differs from the financial statements due to capital outlay being budgeted on a functional basis. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the Intermediate School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. The School District adjusted budgeted amounts during the year in response to changes in student counts, property tax values, and other economic conditions.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders or contracts) are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

***Excess of Expenditures Over Appropriations in Budgeted Funds***

During the year, the Intermediate School District incurred expenditures in the Special Education Fund that were in excess of the amounts budgeted, as follows:

	Budget	Actual
Special Education Fund - Support services - Business	\$ 349,395	\$ 396,813

**Note 4 - Deposits and Investments**

State statutes and the Intermediate School District's investment policy authorize the Intermediate School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The Intermediate School District is allowed to invest in U.S. Treasury or agency obligations, U.S. government repurchase agreements, bankers' acceptances, certificates of deposit, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The Intermediate School District's deposits are in accordance with statutory authority.

The Intermediate School District has designated two financial institutions for the deposit and investment of its funds.

There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost, except for a 14-day redemption limitation on MILAF MAX Class funds.

**Note 4 - Deposits and Investments (Continued)**

The Intermediate School District's cash and investments are subject to several types of risk, which are examined in more detail below:

***Custodial Credit Risk of Bank Deposits***

Custodial credit risk is the risk that, in the event of a bank failure, the Intermediate School District's deposits may not be returned to it. The Intermediate School District does not have a deposit policy for custodial credit risk. At year end, the Intermediate School District had \$4,388,417 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The Intermediate School District believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Intermediate School District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

***Custodial Credit Risk of Investments***

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Intermediate School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Intermediate School District's policy for custodial credit risk states that custodial credit risk will be minimized by limiting investments to the types of securities allowed by the Board of Education's policy, as referred to above. At June 30, 2019, no investments were subject to custodial credit risk.

***Interest Rate Risk***

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Intermediate School District's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity. The Intermediate School District will assess and control interest rate risk by specific identification and duration.

***Credit Risk***

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Intermediate School District's policy does not further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Carrying Value	Rating	Rating Organization
Michigan Liquid Asset Fund - MAX Class	\$ 2,978,041	AAAm	Standard & Poor's

***Concentration of Credit Risk***

Investments in U.S. Treasury securities and those other securities completely guaranteed by the Treasury as to payment of principal and interest may be purchased in any dollar amount or up to 100 percent of available reserves. Investments in other types of authorized securities may be made with the provision that no more than 50 percent of the total current portfolio consists of one type of security. The Intermediate School District does not have any investments subject to concentration of credit risk.

***Foreign Currency Risk***

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. State law and the Intermediate School District's investment policy prohibit investments in foreign currency.

June 30, 2019

**Note 5 - Unavailable/Unearned Revenue**

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned.

At June 30, 2019, the Intermediate School District had no unavailable revenue and \$902,908 of unearned revenue, primarily related to grant and categorical aid payments received prior to meeting all eligibility requirements.

**Note 6 - Capital Assets**

Capital asset activity of the Intermediate School District's governmental activities was as follows:

**Governmental Activities**

	Balance July 1, 2018	Additions	Disposals	Balance June 30, 2019
Capital assets not being depreciated:				
Land	\$ 60,000	\$ -	\$ -	\$ 60,000
Construction in progress	55,534	1,108,540	-	1,164,074
Subtotal	115,534	1,108,540	-	1,224,074
Capital assets being depreciated:				
Buildings and improvements	4,501,526	128,726	-	4,630,252
Furniture and equipment	593,725	62,860	-	656,585
Buses and other vehicles	1,377,142	98,445	-	1,475,587
Subtotal	6,472,393	290,031	-	6,762,424
Accumulated depreciation:				
Buildings and improvements	1,995,376	118,183	-	2,113,559
Furniture and equipment	522,937	34,398	-	557,335
Buses and other vehicles	839,705	132,033	-	971,738
Subtotal	3,358,018	284,614	-	3,642,632
Net capital assets being depreciated	3,114,375	5,417	-	3,119,792
Net governmental activities capital assets	<u>\$ 3,229,909</u>	<u>\$ 1,113,957</u>	<u>\$ -</u>	<u>\$ 4,343,866</u>

Depreciation expense was not charged to activities, as the Intermediate School District considers its assets to benefit multiple activities, and allocation is not practical.

**Construction Commitments**

The Intermediate School District has active construction projects at year end. At year end, the Intermediate School District's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
North Pointe improvements	\$ 529,474	\$ 532,117
Brookside classroom addition	291,407	1,320,593
Total	<u>\$ 820,881</u>	<u>\$ 1,852,710</u>

**June 30, 2019**

**Note 7 - Interfund Receivables, Payables, and Transfers**

Interfund transfers reported in the fund financial statements are composed of the following:

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Capital Projects Fund	\$ 100,000
Special Education Fund	Capital Projects Fund	150,000
	Food Service	55,000
	Total Special Education Fund	205,000
	Total	\$ 305,000

Transfers were made to cover the costs of district programs that were in excess of revenue generated from those activities. The General Fund and the Special Education Fund also made transfers to the Capital Projects Fund to provide additional funding for ongoing capital project expenses.

**Note 8 - Long-term Debt**

Long-term debt activity for the year ended June 30, 2019 can be summarized as follows:

**Governmental Activities**

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Capital leases (Note 9)	\$ -	\$ 62,860	\$ (11,730)	\$ 51,130	\$ 11,386
Compensated absences	183,215	-	(1,164)	182,051	-
Total governmental activities long-term debt	\$ 183,215	\$ 62,860	\$ (12,894)	\$ 233,181	\$ 11,386

**Other Long-term Liabilities**

Compensated absences attributable to the governmental activities will be liquidated primarily by the General Fund.

**Note 9 - Capital Leases**

**Capital Leases**

The Intermediate School District has entered into a lease agreement as lessee for financing the purchase of copier equipment. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The total original capital lease liability is \$62,860, with an interest rate of 7.5 percent and quarterly principal payments of \$3,732. The cost and related accumulated depreciation on the capital lease is included within capital assets and further disclosed within Note 6. The future minimum lease obligations and the net present value are as follows:

Years Ending	Amount
2020	\$ 14,928
2021	14,928
2022	14,928
2023	14,928
Total	59,712
Less amount representing interest	8,582
Present value	<u>\$ 51,130</u>

**Note 10 - Risk Management**

The Intermediate School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Intermediate School District participates in the MASB-SEG Property and Casualty Pool and the SEG Self-Insurer Workers' Compensation Fund shared-risk programs for claims relating to property/casualty and workers' compensation. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

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

**Note 11 - Michigan Public School Employees' Retirement System**

**Plan Description**

The Intermediate School District participates in the Michigan Public School Employees' Retirement System (MPERS or the "System"), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the Intermediate School District. Certain intermediate school district employees also receive defined contribution retirement and healthcare benefits through the System. The System provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The System also provides postemployment healthcare benefits to retirees and beneficiaries who elect to receive those benefits.

The System is administered by the Office of Retirement Services (ORS). The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for the pension and postemployment healthcare plans. That report is available on the web at <http://www.michigan.gov/orsschools>, or by writing to the Office of Retirement System at 7150 Harris Drive, P.O. Box 30171, Lansing, MI 48909.

June 30, 2019

**Note 11 - Michigan Public School Employees' Retirement System (Continued)**

***Benefits Provided***

Benefit provisions of the defined benefit (DB) pension plan and 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 for the defined benefit pension plan and the postemployment healthcare plan.

Depending on the plan option selected, member retirement benefits are calculated as final average compensation times years of services times a pension factor ranging from 1.25 percent to 1.50 percent. The requirements to retire range from attaining the age of 46 to 60 with years of service ranging from 5 to 30 years, depending on when the employee became a member. Early retirement is computed in the same manner as a regular pension, but is permanently reduced 0.50 percent for each full and partial month between the pension effective date and the date the member will attain age 60. There is no mandatory retirement age.

Depending on the member's date of hire, MPSERS offers the option of participating in the defined contribution (DC) plan that provides a 50 percent employer match (up to 3 percent of salary) on employee contributions.

Members are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits, but are payable immediately without an actuarial reduction. The disability benefits plus authorized outside earnings are limited to 100 percent of the participant's final average compensation, with an increase of 2 percent each year thereafter.

Benefits may transfer to a beneficiary upon death and are determined in the same manner as retirement benefits, but with an actuarial reduction.

Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent. Some members who do not receive an annual increase are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions.

MPSERS provides medical, prescription drug, dental, and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by MPSERS, with the balance deducted from the monthly pension of each retiree healthcare recipient. Depending on the member's date of hire, this subsidized portion ranges from 80 percent to the maximum allowed by the statute.

***Contributions***

Public Act 300 of 1980, as amended, required the Intermediate School District to contribute amounts necessary to finance the coverage of pension benefits of active and retired members. Contribution provisions are specified by state statute and may be amended only by action of the state Legislature. Under these provisions, each school district's contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

Under the OPEB plan, retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent, or 20 percent for those not Medicare eligible, of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits. Participating employers are required to contribute at that rate.

**Note 11 - Michigan Public School Employees' Retirement System (Continued)**

Under Public Act 300 of 2012, members were given the choice between continuing the 3 percent contribution to the retiree health care and keeping the premium subsidy benefit described above or choosing not to pay the 3 percent 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 percent employee contribution into their 457 account as of their transition date, earning them a 2 percent employer match into a 401(k) account. Members who selected this option stopped paying the 3 percent contribution to the retiree health care as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.

The Intermediate School District's contributions are determined based on employee elections. There are multiple different pension and healthcare benefit options included in the plan available to employees based on date of hire and the elections available at that time. Contribution rates are adjusted annually by the ORS.

The range of rates is as follows:

	Pension	OPEB
October 1, 2017 - January 31, 2018	13.54% - 17.89%	7.42% - 7.67%
February 1, 2018 - September 30, 2018	13.54% - 19.74%	7.42% - 7.67%
October 1, 2018 - September 30, 2019	13.39% - 19.59%	7.57% - 7.93%

Depending on the plan selected, member pension contributions range from 0 percent up to 7.0 percent of gross wages. For certain plan members, a 4 percent employer contribution to the defined contribution pension plan is required. In addition, for certain plan members, a 3 percent employer match is provided to the defined contribution pension plan.

The Intermediate School District's required and actual pension contributions to the plan for the year ended June 30, 2019 were \$1,640,383, which include the Intermediate School District's contributions required for those members with a defined contribution benefit. The Intermediate School District's required and actual pension contributions include an allocation of \$662,645 in revenue received from the State of Michigan and remitted to the System to fund the MPERS unfunded actuarial accrued liability (UAAL) stabilization rate for the year ended June 30, 2019.

The Intermediate School District's required and actual OPEB contributions to the plan for the year ended June 30, 2019 were \$435,126, which include the Intermediate School District's contributions required for those members with a defined contribution benefit.

**Net Pension Liability**

At June 30, 2019, the Intermediate School District reported a liability of \$17,754,499 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2017, which used updated procedures to roll forward the estimated liability to September 30, 2018. The Intermediate School 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. At September 30, 2018 and 2017, the Intermediate School District's proportion was 0.059 and 0.058 percent, respectively, representing a change of 2.10 percent.

June 30, 2019

**Note 11 - Michigan Public School Employees' Retirement System (Continued)**

**Net OPEB Liability**

At June 30, 2019, the Intermediate School District reported a liability of \$4,760,465 for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2019 was measured as of September 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2017, which used updated procedures to roll forward the estimated liability to September 30, 2018. The Intermediate School District's proportion of the net OPEB liability 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. At September 30, 2018 and 2017, the Intermediate School District's proportion was 0.060 and 0.058 percent, respectively, representing a change of 3.45 percent.

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

For 2019, the Intermediate School District recognized pension expense of \$2,511,453, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2019, the Intermediate School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 82,384	\$ (129,019)
Changes in assumptions	4,111,927	-
Net difference between projected and actual earnings on pension plan investments	-	(1,213,956)
Changes in proportion and differences between the Intermediate School District's contributions and proportionate share of contributions	626,161	(114,770)
The Intermediate School District's contributions to the plan subsequent to the measurement date	1,364,528	-
<b>Total</b>	<b>\$ 6,185,000</b>	<b>\$ (1,457,745)</b>

The \$662,645 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ended June 30, 2020. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2020	\$ 1,394,392
2021	984,531
2022	710,538
2023	273,266
<b>Total</b>	<b>\$ 3,362,727</b>

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year.

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

For the year ended June 30, 2019, the Intermediate School District recognized OPEB expense of \$264,861.

**June 30, 2019**

**Note 11 - Michigan Public School Employees' Retirement System (Continued)**

At June 30, 2019, the Intermediate School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (886,045)
Changes in assumptions	504,136	-
Net difference between projected and actual earnings on OPEB plan investments	-	(182,956)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	150,806	(1,521)
Employer contributions to the plan subsequent to the measurement date	307,020	-
Total	<u>\$ 961,962</u>	<u>\$ (1,070,522)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will reduce the net OPEB liability and, therefore, will not be included in future OPEB expense):

Years Ending	Amount
2020	\$ (107,016)
2021	(107,016)
2022	(107,016)
2023	(69,768)
2024	(24,764)
Total	<u>\$ (415,580)</u>

**Actuarial Assumptions**

The total pension liability and total OPEB liability as of September 30, 2018 is based on the results of an actuarial valuation as of September 30, 2017 and rolled forward. The total pension liability and OPEB liability were determined using the following actuarial assumptions:

Actuarial cost method		Entry age normal
Investment rate of return - Pension	6.00 percent - 7.05 percent	Net of investment expenses based on the groups
Investment rate of return - OPEB	7.15 percent	Net of investment expenses based on the groups
Salary increases	2.75 percent - 11.55 percent	Including wage inflation of 2.75 percent for 2019 and 3.50 percent for 2018
Healthcare cost trend rate - OPEB	7.50 percent	Year 1 graded to 3.0 percent year 12
Mortality basis		RP2014 Male and Female Employee Annuitant Mortality tables, scaled 100 percent (retirees: 82 percent for males and 78 percent for females) and adjusted for mortality improvements using projection scale MP2017 from 2006
Cost of living pension adjustments	3.00 percent	Annual noncompounded for MIP members

**Note 11 - Michigan Public School Employees' Retirement System (Continued)**

Assumption changes as a result of an experience study for the periods from 2012 to 2017 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2017 valuation.

**Discount Rate**

The discount rate used to measure the total pension liability was 6.00 to 7.05 percent as of September 30, 2018 depending on the plan option. The discount rate used to measure the total OPEB liability was 7.15 percent as of September 30, 2018. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that district contributions will be made at statutorily required rates.

Based on those assumptions, the pension plan's fiduciary net position and the OPEB plan's fiduciary net position were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension liability and total OPEB liability.

The long-term expected rate of return on pension plan and OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	28.00 %	5.70 %
Private equity pools	18.00	9.20
International equity pools	16.00	7.20
Fixed-income pools	10.50	0.50
Real estate and infrastructure pools	10.00	3.90
Absolute return pools	15.50	5.20
Short-term investment pools	2.00	-
Total	100.00 %	

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the Intermediate School District, calculated using the discount rate depending on the plan option. The following also reflects what the Intermediate School District's 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:

	1 Percent Decrease (5.00 - 6.05%)	Current Discount Rate (6.00 - 7.05%)	1 Percent Increase (7.00 - 8.05%)
Net pension liability of the Intermediate School District	\$ 23,310,286	\$ 17,754,499	\$ 13,138,543

June 30, 2019

**Note 11 - Michigan Public School Employees' Retirement System (Continued)**

***Sensitivity of the Net OPEB Liability to Changes in the Discount Rate***

The following presents the net OPEB liability of the Intermediate School District, calculated using the current discount rate. It also reflects what the Intermediate School District's net OPEB 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.

	1 Percent Decrease (6.15%)	Current Discount Rate (7.15%)	1 Percent Increase (8.15%)
Net OPEB liability of the Intermediate School District	\$ 5,714,841	\$ 4,760,465	\$ 3,957,718

***Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate***

The following presents the net OPEB liability of the School District, calculated using the current healthcare cost trend rate. It also reflects what the School District's net OPEB liability 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.

	1 Percent Decrease (6.50%)	Current Rate (7.50%)	1 Percent Increase (8.50%)
Net OPEB liability of the Intermediate School District	\$ 3,915,430	\$ 4,760,465	\$ 5,729,893

***Pension Plan and OPEB Plan Fiduciary Net Position***

Detailed information about the plan's fiduciary net position is available in the separately issued MPSERS financial report.

***Payable to the Pension Plan and OPEB Plan***

At June 30, 2019, the Intermediate School District reported a payable of \$143,171 and \$39,123 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2019.

**Note 12 - Tax Abatements**

The Intermediate School District receives reduced property tax revenue as a result of industrial facilities tax exemptions (PA 198 of 1974) and brownfield redevelopment agreements granted by cities, villages, and townships within the boundaries of the Intermediate School District. 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.

For the fiscal year ended June 30, 2019, the Intermediate School District's property tax revenue was reduced by approximately \$14,000 under these programs.

The Intermediate School District is reimbursed for lost revenue caused by tax abatements on the operating millage of nonhomestead properties from the State of Michigan under the School Aid formula. The Intermediate School District received approximately \$12,600 in reimbursements from the State of Michigan.

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## Required Supplemental Information

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# Lewis Cass Intermediate School District

## Required Supplemental Information Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	(Under) Over <u>Final Budget</u>
<b>Revenue</b>				
Local sources	\$ 1,977,808	\$ 2,027,838	\$ 2,006,173	\$ (21,665)
State sources	1,757,568	2,002,043	1,919,435	(82,608)
Federal sources	117,396	153,212	153,212	-
Interdistrict sources	46,128	35,421	35,241	(180)
Total revenue	3,898,900	4,218,514	4,114,061	(104,453)
<b>Expenditures</b>				
Current:				
Instruction	608,074	696,510	706,354	9,844
Support services:				
Pupil	156,706	326,188	244,051	(82,137)
Instructional staff	762,651	768,979	734,801	(34,178)
General administration	351,594	342,741	325,073	(17,668)
Business	178,974	170,257	156,460	(13,797)
Operations and maintenance	160,354	132,667	102,606	(30,061)
Pupil transportation services	54,459	39,345	39,345	-
Central	58,349	55,155	53,036	(2,119)
Community services	1,414,794	1,487,216	1,408,009	(79,207)
Interdistrict payments	127,343	87,735	78,635	(9,100)
Total expenditures	3,873,298	4,106,793	3,848,370	(258,423)
<b>Excess of Revenue Over Expenditures</b>	25,602	111,721	265,691	153,970
<b>Other Financing Sources (Uses)</b>				
Face value of capital lease available	-	-	9,429	9,429
Transfers out	(100,000)	(100,000)	(100,000)	-
Total	(100,000)	(100,000)	(90,571)	9,429
<b>Net Change in Fund Balance</b>	(74,398)	11,721	175,120	163,399
<b>Fund Balance - Beginning of year</b>	1,723,081	1,723,081	1,723,081	-
<b>Fund Balance - End of year</b>	<u>\$ 1,648,683</u>	<u>\$ 1,734,802</u>	<u>\$ 1,898,201</u>	<u>\$ 163,399</u>

**Lewis Cass Intermediate School District**

Required Supplemental Information  
Budgetary Comparison Schedule - Major Special Revenue Fund  
Special Education

**Year Ended June 30, 2019**

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Revenue</b>				
Local sources	\$ 4,014,298	\$ 4,145,392	\$ 4,160,479	\$ 15,087
State sources	2,675,399	3,023,949	3,087,022	63,073
Federal sources	1,760,631	1,779,640	1,694,093	(85,547)
Interdistrict sources	561,095	536,706	550,409	13,703
Total revenue	9,011,423	9,485,687	9,492,003	6,316
<b>Expenditures</b>				
Current:				
Instruction	2,352,782	2,464,156	2,363,365	(100,791)
Support services:				
Pupil	3,078,587	2,859,722	2,845,180	(14,542)
Instructional staff	691,247	582,325	560,723	(21,602)
General administration	149,086	153,046	123,845	(29,201)
School administration	87,004	86,479	77,787	(8,692)
Business	360,696	349,395	396,813	47,418
Operations and maintenance	366,671	447,532	409,931	(37,601)
Pupil transportation services	1,653,231	1,623,347	1,403,839	(219,508)
Central	185,502	289,215	201,354	(87,861)
Capital outlay	-	800,000	667,529	(132,471)
Interdistrict payments	95,000	69,493	69,492	(1)
Total expenditures	9,019,806	9,724,710	9,119,858	(604,852)
<b>Excess of Revenue (Under) Over Expenditures</b>	(8,383)	(239,023)	372,145	611,168
<b>Other Financing Sources (Uses)</b>				
Face value of capital lease available	-	-	53,431	53,431
Proceeds from sale of capital assets	-	-	1,100	1,100
Transfers out	(200,000)	(205,000)	(205,000)	-
Total	(200,000)	(205,000)	(150,469)	54,531
<b>Net Change in Fund Balance</b>	(208,383)	(444,023)	221,676	665,699
<b>Fund Balance - Beginning of year</b>	3,604,052	3,604,052	3,604,052	-
<b>Fund Balance - End of year</b>	<b>\$ 3,395,669</b>	<b>\$ 3,160,029</b>	<b>\$ 3,825,728</b>	<b>\$ 665,699</b>

## Lewis Cass Intermediate School District

### Required Supplemental Information Schedule of Proportionate Share of the Net Pension Liability Michigan Public School Employees' Retirement System

	Last Five Plan Years				
	Plan Years Ended September 30				
	2018	2017	2016	2015	2014
Intermediate School District's proportion of the net pension liability	0.05906 %	0.05785 %	0.05590 %	0.05707 %	0.53420 %
Intermediate School District's proportionate share of the net pension liability	\$ 17,754,499	\$ 14,991,008	\$ 13,942,643	\$ 13,939,392	\$ 11,767,633
Intermediate School District's covered employee payroll	\$ 5,107,168	\$ 4,973,542	\$ 4,686,930	\$ 4,721,120	\$ 4,520,410
Intermediate School District's proportionate share of the net pension liability as a percentage of its covered employee payroll	347.64 %	301.42 %	297.48 %	295.26 %	260.32 %
Plan fiduciary net position as a percentage of total pension liability	62.12 %	63.96 %	63.27 %	63.17 %	66.20 %

**Lewis Cass Intermediate School District**

**Required Supplemental Information  
Schedule of Pension Contributions  
Michigan Public School Employees' Retirement System**

	<b>Last Five Fiscal Years Years Ended June 30</b>				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 1,594,034	\$ 1,477,097	\$ 954,183	\$ 1,312,550	\$ 949,212
Contributions in relation to the statutorily required contribution	<u>1,594,034</u>	<u>1,477,097</u>	<u>954,183</u>	<u>1,312,550</u>	<u>949,212</u>
<b>Contribution Deficiency</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>
<b>Intermediate School District's Covered Employee Payroll</b>	\$ 5,169,206	\$ 5,053,643	\$ 5,112,956	\$ 4,531,649	\$ 4,768,740
<b>Contributions as a Percentage of Covered Employee Payroll</b>	30.84 %	29.23 %	18.66 %	28.96 %	19.90 %

## Lewis Cass Intermediate School District

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### Required Supplemental Information Schedule of Proportionate Share of the Net OPEB Liability Michigan Public School Employees' Retirement System

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	<b>Last Two Plan Years</b>	
	<b>Plan Years Ended September 30</b>	
	<u>2018</u>	<u>2017</u>
Intermediate School District's proportion of the net OPEB liability	0.05989 %	0.05789 %
Intermediate School District's proportionate share of the net OPEB liability	\$ 4,760,465	\$ 5,126,493
Intermediate School District's covered employee payroll	\$ 5,107,168	\$ 4,973,542
Intermediate School District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	93.21 %	103.08 %
Plan fiduciary net position as a percentage of total OPEB liability	43.10 %	36.53 %

## Lewis Cass Intermediate School District

### Required Supplemental Information Schedule of OPEB Contributions Michigan Public School Employees' Retirement System

	Last Two Fiscal Years	
	Years Ended June 30	
	2019	2018
Statutorily required contribution	\$ 406,042	\$ 362,315
Contributions in relation to the statutorily required contribution	406,042	362,315
<b>Contribution Deficiency</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Intermediate School District's Covered Employee Payroll</b>	<b>\$ 5,169,206</b>	<b>\$ 5,053,643</b>
<b>Contributions as a Percentage of Covered Employee Payroll</b>	<b>7.86 %</b>	<b>7.17 %</b>

***Pension Information***

Ultimately, 10 years of data will be presented in both of the pension-related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became applicable.

**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 assumptions for each of the reported plan years ended September 30, except for the following:

- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.45 percent.
- 2017 - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50 percent.

***OPEB Information***

Ultimately, 10 years of data will be presented in both of the OPEB-related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became applicable.

**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 assumptions for each of the reported plan years ended September 30, except for the following:

- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percent.