



East Lansing Board of Education

509 Burcham Drive, East Lansing, MI 48823

Regular Meeting
October 3, 2022 - 7:00 PM
Board Room
509 Burcham Drive
East Lansing, Michigan 48823



Agenda

I. Opening of Meeting

A. *Call to Order*

B. *Roll Call*

C. *Mission Statement: Nurturing Each Child, Educating All Students, Building World Citizens*

D. *Approval of Agenda*

Motion: The Board of Education approves the agenda for the October 3, 2022 regular meeting, as presented.

E. *Approval of Minutes*

Motion: The Board of Education approves the minutes of the September 12, 2022 regular meeting, as presented.

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II. Recognition

III. Student Representative Report

IV. Superintendent's Report

V. Public Comment: This is the opportunity to address the Board. Speakers are to confine their remarks to five minutes. If a speaker requires more than five minutes, after all other persons who have requested to speak during this part of the meeting have spoken, that speaker will be allowed additional time. The Superintendent or other district staff may comment to clear up or avoid significant misunderstandings.

VI. Presentation

Dave Nielsen, Maner Costerisan, Audited Financial Statements for Year Ended June 30, 2022.

VII. Action Items

A. Audited Financial Statements for the Year Ended June 30, 2022

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Motion: The Board of Education accepts the audited financial statements for the year ended June 30, 2022, as presented.

B. Policy 3118 - Title IX Sexual Harassment - Revision

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Motion: The Board of Education approves the revisions to Policy 3118 - Title IX Sexual Harassment, as presented.

VIII. Committee Reports

- A. Academic and Technology Committee
- B. Facilities Committee
- C. Finance Committee
- D. Intergovernmental Relations
- E. Personnel Committee
- F. Policy Committee

IX. Announcements

X. Adjournment

Respectfully Submitted,

***Dori Leyko
Superintendent***

Regular Meeting
Monday, September 12, 2022, 7:00 PM Eastern

Board Room
509 Burcham Drive
East Lansing, Michigan 48823

I. Opening of Meeting

I.A. Call to Order

Board President Kate Powers called the meeting to order at

I.B. Roll Call

Dr. Terah Chambers: Present
Dr. Kath Edsall: Present
Ms. Monica Fink: Present
Dr. Elizabeth Lyons: Present
Mr. Chris Martin: Present
Ms. Kate Powers: Present
Ms. Debbie Walton: Present
Student Representatives
 Gabriel Benavides Present
 Alexander Mielock Present
Ms. Dori Leyko Present

Present: 10. Absent: 0

I.C. Mission Statement: *Nurturing Each Child, Educating All Students, Building World Citizens*

I.D. Approval of Agenda

Motion 22-23/018: The Board of Education approves the agenda of the September 12, 2022, regular meeting, as presented.

This motion, made by Mr. Chris Martin and seconded by Ms. Debbie Walton, Passed.

Dr. Terah Chambers: Aye, Dr. Kath Edsall: Aye, Ms. Monica Fink: Aye, Dr. Elizabeth Lyons: Aye,
Mr. Chris Martin: Aye, Ms. Kate Powers: Aye, Ms. Debbie Walton: Aye

Aye: 7, Nay: 0

I.E. Approval of Minutes

Motion 22-23/019: The Board of Education approves the August 22, 2022, regular meeting minutes, as presented.

This motion, made by Dr. Terah Chambers and seconded by Dr. Elizabeth Lyons, Passed.

Dr. Terah Chambers: Aye, Dr. Kath Edsall: Aye, Ms. Monica Fink: Aye, Dr. Elizabeth Lyons: Aye, Mr. Chris Martin: Aye, Ms. Kate Powers: Aye, Ms. Debbie Walton: Aye

Aye: 7, Nay: 0

II. Recognition

No recognition

III. Student Representative Report

Student Representative Mielock:

- Anna Delgado and Gwen Petrie – nominated for Lansing State Journal Athlete of the Week
- Thank you to Ms. Norris for allowing free student passes for high school sports. There has been a bigger student section at athletic events.
- Tennis courts – The tennis team is very happy with the new courts and hoping for a strong season.

Student Representative Benavides:

- ELBOPA (East Lansing Band and Orchestra Parent Association) will be out in the community playing for a donation to help fundraise.
- The ELHS Marching Band will be participating in the Rockford Marching Band competition.
- Thank you to District Administration and staff for helping with custodial services while there is a shortage.

Board members thanked the Student Representatives for their reports.

IV. Superintendent's Report

Ms. Leyko spoke on the custodial shortage. The posting went out today to begin filling custodial positions. Thank you to Student Representatives Benavides and Mielock for expressing their gratitude to Administration for helping with trash at the buildings.

Construction Update

Turf at the high school athletic field is complete and in use. Last Thursday, our freshmen football team played on it, and then the varsity soccer team played its match later that night on the turf.

Elementary outdoor learning centers are scheduled to be installed later this month and possibly into the beginning of October.

COVID Updates

From Sara Smith, District School Nurse: *When Should a Student Stay Home from School?*
https://docs.google.com/document/d/1tttBLI_nEHag5QwHhngG9w_Bw6G2YnrVlcaN20OrA2HY/edit?usp=sharing

The U.S. Centers for Disease Control and Prevention recommends that people age 12 and older get the new COVID-19 booster shot. To be eligible, residents need to have completed their primary vaccination series and be at least two months out from their last dose of any COVID-19 vaccine. The FDA authorized this booster shot from Pfizer and BioNTech for those age 12 and older, and the Moderna vaccine is available for individuals 18 and older.

Where to get the COVID-19 vaccine, including the update booster that better protects against the Omicron variant:

- Ingham County Health Department - Immunization Clinic - 2nd floor
- All pharmacies listed below have the updated Omicron booster vaccine available. Call or visit their website to make an appointment.
 - CVS
 - Rite Aid
 - Walmart
 - Meijer
 - Walgreens
 - Kroger (check with your location)

East Lansing Educational Foundation Events

The East Lansing Educational Foundation (ELEF) awards annual grants to East Lansing Public School (ELPS) teachers to enhance our students' learning opportunities. Last year, ELEF awarded over \$47,000 in grants to enrich curriculum in the arts, science, technology, and math.

This month, ELEF invites the community to support teachers' efforts at the following upcoming events:

- [ELEF Tailgate](#) on Friday, September 16 from 5:15 p.m. – 6:45 p.m. before the football game. \$5.00 per person.
- [ELEF Golf Outing](#) on Thursday, September 22 at 9:00 a.m. at Forest Akers West. \$125 per player/ \$500 per foursome. Includes Golf, Cart, GPS, Lunch @ Turn, post-play BBQ, prizes, and more.
- [ELEF Awards Celebration](#) on Thursday, September 22 from 5:30 p.m. – 8:00 p.m. \$75.00 per person. Click on this link to see this year's honorees!

V. Public Comment: This is the opportunity to address the Board. Speakers are to confine their remarks to five minutes. If a speaker requires more than five minutes, after all, other persons who have requested to speak during this part of the meeting have spoken, that speaker will be allowed additional time. The Superintendent or other district staff may comment to clear up or avoid significant misunderstandings.

- Nichole Biber - Outdoor learning
 - Mr. Martin clarified that he has been unable to access his email and is working with IT to correct the issue. He apologized to Dr. Biber for not responding.
- Drew Murray – Glencairn Kindergarten class sizes

- Matt Walker – Glencairn Kindergarten class sizes
 - Ms. Leyko clarified that no Glencairn boundary students were turned away. Families who requested a Permeable Boundary to attend Glencairn were denied. PB requests are approved based on given class sizes.
 - There is no third classroom available. The room is being used for mildly cognitively impaired students.
- Kayla Gomez - Green Outdoor learning building
- Antonio Gomez – Outdoor Learning Space
 - Mr. Martin addressed miscommunication regarding the outdoor learning spaces.
 - Ms. Leyko spoke about how the outdoor learning spaces were on a wish list if there were available funds.
- Allie Siarto – Outdoor learning spaces
- Nichole Biber – Outdoor learning

VI. Action Items

VI.A. **Policy 3116 - District Technology and Acceptable Use – Revision**

Motion 22-23/020: The Board of Education approves the revisions to Policy 3116 - District Technology and Acceptable Use, as presented.

This motion, made by Dr. Kath Edsall and seconded by Ms. Debbie Walton, Passed.

Dr. Terah Chambers: Aye, Dr. Kath Edsall: Aye, Ms. Monica Fink: Aye, Dr. Elizabeth Lyons: Aye, Mr. Chris Martin: Aye, Ms. Kate Powers: Aye, Ms. Debbie Walton: Aye

Aye: 7, Nay: 0

Discussion followed

VII. Committee Reports

VII.A. Academic and Technology Committee

- Next meeting, Wednesday, September 14 at 8:00 am in the Board Room.

VII.B. Facilities Committee

- Meeting scheduled for tomorrow, September 13 has been canceled.

VII.C. Finance Committee

- Next meeting is scheduled for September 29 at 4:30 pm in the Board Room.

VII.D. Intergovernmental Relations

- No report.

VII.E. Personnel Committee

- No report.

VII.F. Policy Committee

- Next meeting, Wednesday, September 14 at 4:30 pm in the Board Room.

VIII. **Announcements**

Dr. Edsall discussed the past history of class sizes; outdoor learning spaces and creating garden spaces.

IX. **Adjournment**

Meeting adjourned at 7:50 p.m.

President

Secretary



East Lansing
Public Schools

MEMORANDUM

TO: ELPS Board of Education, Dori Leyko, Superintendent

FROM: Richard Pugh, Director of Finance & Operations

SUBJECT: Action Item – Audited Financial Statements for the Year Ended June 30, 2022

DATE: September 28, 2022

Recommendation:

It is recommended that the Board of Education accept the audited financial statements for the year ended June 30, 2022 as presented.

Background:

Districts are required to have an annual independent audit of its year-end financial statements. The audited financial statements will be posted to the District's website per transparency reporting requirements. Auditors from Maner Costerisan, CPAs will review the audited financial statements with the Finance Committee on September 29, 2022. Dave Nielsen from Maner will present the audited financial statement to the Board of Education on October 3, 2022.

The June 30, 2022 General Fund fund balance is \$14,682,991 (30.1% of total revenues and other financing sources) or an increase of \$2,361,396 from prior year. Fund balance continues to be bolstered by Federal funding related to the pandemic. Approximately \$3.4 million dollars of "one-time" revenue was received. This contributed significantly to the growth in fund balance. The ending fund balance is an increase over the final budget revision by \$1,575,671. Page 55 of the Report on Financial Statements is a nice summary of the General Fund budget to actual results.

**SCHOOL DISTRICT OF THE CITY OF EAST
LANSING**

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

YEAR ENDED JUNE 30, 2022



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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
School District of the City of East Lansing

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School District of the City of East Lansing, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise School District of the City of East Lansing'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 School District of the City of East Lansing, as of June 30, 2022, 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 School District of the City of East Lansing 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.

Change in Accounting Principle

As discussed in Note 12 to the financial statements, in 2022 the District adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2022 on our consideration of School District of the City of East Lansing'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 School District of the City of East Lansing'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 School District of the City of East Lansing's internal control over financial reporting and compliance.

Maney Costeiran PC

September 15, 2022

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2022**



The School District of the City of East Lansing is a Pre K-12 public school district located in Ingham and Clinton Counties, Michigan. The Management’s Discussion and Analysis (MD&A) is intended to be the School District of the City of East Lansing’s management’s review of financial performance for the year ended June 30, 2022. The MD&A is recommended to be read in conjunction with the District’s financial statements. Prior year information is provided for comparative analysis.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. The government-wide financial statements provide information about the *governmental activities* of the entire District, presenting both an aggregate view of the District’s finances and a long-term view of those finances. The fund financial statements provide information about how *governmental funds* were financed in the short-term as well as what remains for future spending and looks at the District’s operations by providing information about the District’s most significant funds and with all other funds presented in one column as “nonmajor funds”. The fiduciary funds statements present financial information about activities for which the District acts solely as an agent for the benefit of mostly student groups. The required supplemental information provide budget to actual comparisons of the general fund. The remaining statements are provided for additional analysis.

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

In the business arena a commonly asked question is, “is the entity as a whole better or worse off financially as a result of the year’s activities?” The Statement of Net Position and the Statement of Activities report financial information about the District as a whole and its activities in a way that helps the reader answer this question. These statements are prepared using the full accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. They report all of the District’s assets, deferred outflows, deferred inflows and liabilities, both short and long-term, and all of the current year’s revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the District’s net position (the difference between assets, deferred outflows, deferred inflows and liabilities), as reported in the Statement of Net Position, as one way to measure the District’s financial health, or financial position.

Over time, increases or decreases in the District’s net position, as reported in the Statement of Activities, is one indicator of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the District’s operating results. However, the District’s goal is to provide educational services to students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the schools to assess the overall health of the District.

The governmental-wide financial statements report the governmental activities of the District, which encompass all of the District’s services. Local property taxes, state per pupil foundation allowance, and state and federal grants finance the majority of these activities.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2022**



Fund Financial Statements - Reporting the School District’s Most Significant Funds

The fund financial statements provide detailed information about the most significant funds of the District - not the District as a whole. Certain funds are required to be established by State law or by bond covenants. Other funds are created in order to help control and manage their activities. The fund level statements of the District use an accounting method called modified accrual basis. Only those assets that are “measurable” and “currently available” are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

All of the District’s services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows in and out of funds and the balances remaining at year-end that are available for appropriation. Governmental fund statements provide a detailed short-term view of the operations of the District and the services it provides. The information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s educational programs. Differences between governmental activities, as reported in the government-wide statements, and governmental funds, as reported in the fund financial statements, are presented in a reconciliation statement.

Fiduciary Statements - Reporting the School District’s Trustee Responsibility

The District is the trustee, or fiduciary, for its custodial funds. All of the District’s fiduciary activities are aggregated and reported in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. These activities are excluded from the District’s other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2022**



The School District as a Whole - Summary of Net position

The Statement of Net Position provides the perspective of the District as a whole. The following schedule summarizes the net position as of June 30, 2022 and June 30, 2021:

	<u>2022</u>	<u>2021*</u>
ASSETS		
Current and other assets	\$ 30,475,637	\$ 36,490,702
Noncurrent assets	<u>140,923,230</u>	<u>139,071,142</u>
TOTAL ASSETS	<u>171,398,867</u>	<u>175,561,844</u>
DEFERRED OUTFLOWS		
Deferred charge on refunding	605,107	680,745
Related to other postemployment benefits	4,831,519	5,863,295
Related to pensions	<u>11,852,794</u>	<u>16,251,099</u>
TOTAL DEFERRED OUTFLOWS	<u>17,289,420</u>	<u>22,795,139</u>
LIABILITIES		
Current liabilities	8,530,897	9,426,414
Noncurrent liabilities	111,576,459	116,564,050
Net other postemployment benefits liability	3,340,181	11,616,267
Net pension liability	<u>51,430,885</u>	<u>73,813,387</u>
TOTAL LIABILITIES	<u>174,878,422</u>	<u>211,420,118</u>
DEFERRED INFLOWS		
Related to other postemployment benefits	12,776,341	9,143,931
Related to pensions	17,333,598	1,101,037
Related to unavailable revenue - leases	104,422	-
Related to state aid funding for pension	<u>3,297,117</u>	<u>2,823,374</u>
TOTAL DEFERRED INFLOWS	<u>33,511,478</u>	<u>13,068,342</u>
NET POSITION		
Net investment in capital assets	34,062,931	34,206,802
Restricted for food service	397,106	-
Restricted for capital projects	2,708,950	3,430,006
Unrestricted	<u>(56,870,600)</u>	<u>(63,768,285)</u>
TOTAL NET POSITION	<u>\$ (19,701,613)</u>	<u>\$ (26,131,477)</u>

*The 2021 figures have not been updated for the adoption of GASB 87

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2022**



Analysis of Financial Position

The District's net position as of June 30, 2022 totaled (\$19,701,613) which was an increase over the June 30, 2021 balance of \$6,429,864. A few of the more significant factors affecting net position during the year are discussed below:

Depreciation Expense

The District is required to maintain a record of annual depreciation expense and accumulated depreciation. The net increase in accumulated depreciation is a reduction in net position.

The District records depreciation expense on a straight-line basis over the estimated useful lives of the assets. In accordance with GAAP, depreciation expense is calculated based on the original cost of the asset less an estimated salvage value, when applicable. For the fiscal year ended June 30, 2022, the following was recorded as depreciation expense:

	2022	2021
Land improvements	\$ 995,832	\$ 835,408
Building and improvements	4,385,723	3,573,764
Furniture and equipment	640,512	563,314
Vehicles	27,775	25,483
Total	\$ 6,049,842	\$ 4,997,969

One approach of interpreting depreciation expense is that in order to maintain net position at a constant level the District would have to capitalize assets equal to the annual depreciation expense. However, when taking into consideration factors such as, inflation and repairs and maintenance, the actual investment in capital outlay would have to exceed the depreciation expense in order to maintain assets at the same level of value and functionality.

Capital Outlay Acquisition

For the fiscal year ended June 30, 2022, \$9,299,147 of expenditures were capitalized and recorded as assets of the District. These additions to the District's capital assets are depreciated over time as explained above.

The net effect of capital asset additions, deletions, and the current year's depreciation expense is an increase to capital assets in the amount of \$1,852,088 for the fiscal year ended June 30, 2022.

Long-Term Obligations

The District's total general long-term debt for the fiscal year ended June 30, 2022 decreased by \$4,987,591.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2022**



Results of Operations

The results of this year's operations for the School District as a whole are reported in the Statement of Activities, which shows the changes in net position.

For the fiscal year ended June 30, 2022 and June 30, 2021, the District-wide results of operation were:

	<u>2022</u>	% of <u>Total</u>	<u>2021*</u>	% of <u>Total</u>
REVENUES				
General revenues				
Property taxes, levied for general operations	\$ 10,586,520	17.4	\$ 10,223,949	17.8
Property taxes, levied for debt service	8,977,667	14.7	8,909,533	15.5
Property taxes, levied for sinking fund	1,233,155	2.0	1,221,644	2.1
Investment earnings	6,401	-	29,370	0.1
State sources	21,251,480	34.9	21,077,554	36.7
County special education allocation	5,222,577	8.6	4,396,837	7.7
Other	353,609	0.6	450,197	0.8
	<u>47,631,409</u>	<u>78.2</u>	<u>46,309,084</u>	<u>80.7</u>
Program revenues				
Charges for services	108,099	0.2	135,194	0.2
Operating grants and contributions	13,237,552	21.6	11,017,406	19.1
	<u>13,345,651</u>	<u>21.8</u>	<u>11,152,600</u>	<u>19.3</u>
TOTAL REVENUES	<u><u>\$ 60,977,060</u></u>	<u><u>100.0</u></u>	<u><u>\$ 57,461,684</u></u>	<u><u>100.0</u></u>
FUNCTION/PROGRAM EXPENSES				
Instruction	\$ 24,745,498	45.4	\$ 27,002,794	48.4
Support services	15,518,600	28.4	16,353,633	29.3
Community services	12,599	-	65,637	0.1
Food services	1,781,289	3.3	1,255,818	2.3
Student/school activities	313,201	0.5	104,659	0.1
Interest on long-term debt	4,728,950	8.7	5,009,824	9.0
Loss on disposal of capital assets	1,397,217	2.6	979,206	1.8
Unallocated depreciation	6,049,842	11.1	4,997,969	9.0
	<u>60,977,060</u>	<u>100.0</u>	<u>57,461,684</u>	<u>100.0</u>
TOTAL EXPENSES	<u><u>\$ 54,547,196</u></u>	<u><u>100.0</u></u>	<u><u>\$ 55,769,540</u></u>	<u><u>100.0</u></u>

*The 2021 figures have not been updated for the adoption of GASB 87.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2022**



Significant revenues and expenditures are discussed in the segments below:

1. Property Taxes

The District levies various millages on property taxes for general operations, debt service, and building and site repairs. Each millage, except those for debt service, is subject to mandatory reductions as required by the Headlee Amendment. Under Michigan law, the taxable levy is based on the taxable valuation of properties. Annual taxable valuation increases are capped at the rate of the prior year's Consumer Price Index or 5%, whichever is less. At the time property is sold, its taxable valuation is readjusted to the State Equalized Value, which in theory is approximately 50% of the property's market value.

The District receives settlements from Ingham and Clinton counties on all outstanding *real* property taxes at the end of each fiscal year. The amount of unpaid *personal* property taxes at June 30, 2022 was approximately \$32,000, or 0.3% of the total general fund levy.

The following schedule summarizes the millages levied for the past five years.

Fiscal year	Non-PRE (comm. personal) Operating Mills Levied	All Property Debt Service Mills Levied	All Property Sinking Fund Mills Levied
2021 - 2022	18.0000	6.8000	0.9990
2020 - 2021	18.0000	7.0000	1.0000
2019 - 2020	18.0000	6.5000	1.0000
2018 - 2019	17.9795	7.0000	1.2770
2017 - 2018	18.0000	7.0000	1.2804

2. State Sources

Per the State School Aid Act the State of Michigan funds school districts on a per pupil allowance based on a blended student enrollment. The blended enrollment consists of 90% of the current fiscal year's fall count (the first Wednesday of October) and 10% of the previous fiscal year's supplemental count (the second Wednesday of February). The District's per pupil allowance for fiscal year 2022 was \$8,700.

The following schedule summarizes the District's per pupil allowance over the past five years:

Fiscal Year	Per Pupil Allowance	\$ Increase (decrease) from Prior Year
2021 - 2022	\$ 8,700	\$ 171
2020 - 2021	8,529	-
2019 - 2020	8,529	120
2018 - 2019	8,409	120
2017 - 2018	8,289	60

Non-resident pupils that attend the District via School of Choice (SOC) program are funded at the per pupil allowance of their resident district. The majority of the District's SOC pupils are funded at a lower per pupil amount than the \$8,700 the District receives for its resident pupils.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2022**



3. Student Enrollment

The following schedule summarizes the blended enrollment for each of the past five fiscal years:

<u>Fiscal Year</u>	<u>Actual Blended Student FTE</u>	<u>FTE Change from Prior Year</u>
2021 - 2022	3,639	(53)
2020 - 2021	3,692	1
2019 - 2020	3,691	102
2018 - 2019	3,589	(23)
2017 - 2018	3,612	(11)

4. County Special Education Allocation

The District receives an allocation, based on a funding system, from Ingham Intermediate School District to assist with the education of students with special needs. For the fiscal year June 30, 2022 ended the District received \$3,343,513. This amount represents an increase of \$292,991 over the prior fiscal year.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2022**



5. Expenditure Comparison By Function

The following schedule provides a comparison of fund expenditures for fiscal years 2021 - 2022 and 2020 - 2021:

Function	2021 - 2022 Fiscal Year	%	2020 - 2021 Fiscal Year	%
Basic programs	\$ 21,824,436	46.8	\$ 19,579,825	47.2
Special education	4,882,382	10.5	4,080,996	9.8
Compensatory education	1,748,549	3.8	1,791,454	4.3
Total instruction	<u>28,455,367</u>	<u>61.1</u>	<u>25,452,275</u>	<u>61.3</u>
Pupil support services	3,562,891	7.7	3,222,288	7.8
Instructional staff support services	3,001,823	6.5	2,380,635	5.7
School administration	2,779,311	6.0	2,770,590	6.7
Total instructional support	<u>9,344,025</u>	<u>20.2</u>	<u>8,373,513</u>	<u>20.2</u>
General administration	463,938	1.0	440,697	1.1
Business office	541,018	1.2	598,169	1.4
Operations and maintenance	4,274,750	9.2	3,942,416	9.5
Pupil transportation	1,557,708	3.4	1,005,074	2.4
Central	968,127	2.1	934,255	2.2
Athletics	828,519	1.8	722,308	1.7
Community services	12,599	-	65,637	0.2
Total general fund	<u>46,446,051</u>	<u>100.0</u>	<u>41,534,344</u>	<u>100.0</u>
Food service fund	2,054,181		1,283,483	
Student/school activities	313,201		104,659	
Debt service funds	8,791,847		8,921,054	
Sinking funds	1,296,447		302,150	
2017 Capital projects fund	660,564		4,553,038	
2020 Capital projects fund	7,006,762		15,530,085	
2012 Capital projects fund	146,652		391,844	
Total	<u>\$ 66,715,705</u>		<u>\$ 72,620,657</u>	

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2022**



General Fund Budgetary Highlights

The Uniform Budget Act of the State of Michigan requires that the local Board of Education adopt the original budget for the upcoming fiscal year prior to the start of the fiscal year on July 1. Amendments made to the original budgets must be adopted by the Board of Education prior to the close of the fiscal year on June 30.

The District budgets according to the Michigan School Accounting Manual Bulletin 1022. It is standard practice to amend its budget semi-annually, usually December and May.

The following schedule shows a five-year comparison of the general fund revenue and other financing sources final budget versus actual results:

Fiscal Year	Revenues and Other Financing Sources		
	Budget	Actual	Variance
2021 - 2022	\$ 48,346,194	\$ 48,807,447	0.95%
2020 - 2021	46,638,091	46,947,587	0.66%
2019 - 2020	42,001,492	41,355,710	-1.54%
2018 - 2019	40,345,201	39,899,132	-1.11%
2017 - 2018	40,041,171	39,539,226	-1.25%
Five year average actual over (under) budget			-0.46%

The following schedule shows a five-year comparison of the general fund expenditures and other financing uses final budget versus actual results:

Fiscal Year	Expenditures and Other Financing Uses		
	Budget	Actual	Variance
2021 - 2022	\$ 47,560,469	\$ 46,446,051	-2.34%
2020 - 2021	42,355,966	41,534,344	-1.94%
2019 - 2020	41,722,063	40,809,539	-2.19%
2018 - 2019	39,807,539	38,673,880	-2.85%
2017 - 2018	39,652,550	38,895,325	-1.91%
Five year average actual over (under) budget			-2.25%

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2022**



Capital and Intangible Assets and Debt Administration

1. Capital Assets

At June 30, 2022 the District had \$140,923,230 invested in a broad range of capital assets, including land, construction in progress, land improvements, buildings, various furniture and equipment, and vehicles. This amount represents a net increase of \$1,852,088 due to fiscal year capital asset additions exceeding depreciation and disposals.

The following schedule shows the net book value of the District's capital assets by class type:

	2022			2021
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	\$ 480,535	\$ -	\$ 480,535	\$ 480,535
Construction in progress	2,086,295	-	2,086,295	15,447,921
Land improvements	20,449,113	9,378,587	11,070,526	8,856,091
Building and additions	161,594,388	38,467,715	123,126,673	110,507,970
Furniture and equipment	9,141,136	5,073,970	4,067,166	3,682,800
Transportation equipment	329,505	237,470	92,035	95,825
Total	<u>\$ 194,080,972</u>	<u>\$ 53,157,742</u>	<u>\$ 140,923,230</u>	<u>\$ 139,071,142</u>

2. Long-term Obligations

At June 30, 2022 the District had \$110,594,434 in general obligation debt outstanding versus \$115,677,689 at June 30, 2021.

The state limits the amount of general obligation debt that schools can issue to 15% of the assessed value of all taxable property within the School District's boundaries. The District's outstanding general obligation debt is significantly below this statutorily imposed limit.

Factors Bearing on the District's Future

Our elected officials and administration consider many factors when developing the District's fiscal year budget. The following items could significantly impact the District's financial health in the future:

- **Student Enrollment:** State Aid Foundation revenue received is driven by the District's blended student count. A total of 90% of the blended count is not known until the first Wednesday of October 2022. The District is projecting an enrollment increase of 11 students for fiscal year 2022-2023.
- **Foundation Allowance:** The State of Michigan passed a School Aid Fund budget that will increase the District's per pupil foundation allowance by \$450 per pupil for fiscal year 2022-2023. The District budgeted an increase of \$435 per pupil.
- **Pandemic:** The COVID-19 pandemic continues to have a significant impact on district operations. Although the amount of Federal aid has been substantial, operations continue to be impacted by a labor shortage and material lead times.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2022**



- **Retirement Rate:** The State retirement rate that is most applicable to District employees is 28.23%, effective October 1, 2022, that is charged to districts to fund the retirement system. In addition, the State charges and funds a stabilization rate which is projected to be 16.65% for fiscal year 2022-2023. The ability of the state to continue to subsidize the stabilization rate is a concern.

- **Employee Contracts:** The District has three collectively bargained agreements (CBAs). The most significant, from a financial perspective, is the East Lansing Education Association (ELEA). The ELEA's CBA is settled through June 30, 2025.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances. If you have questions about this report, or need additional financial information, please contact the Business Office, School District of the City of East Lansing, 501 Burcham Drive, East Lansing, MI 48823.

BASIC FINANCIAL STATEMENTS

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
STATEMENT OF NET POSITION
JUNE 30, 2022**

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 19,213,777
Receivables	
Accounts receivable	21,714
Taxes receivable	28,899
Intergovernmental	7,073,166
Leases	104,422
Inventories	109,285
Prepays	422,314
Restricted cash - capital projects	3,502,060
Capital assets not being depreciated	2,566,830
Capital assets, net of accumulated depreciation	<u>138,356,400</u>
TOTAL ASSETS	<u>171,398,867</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refunding	605,107
Related to other postemployment benefits	4,831,519
Related to pensions	<u>11,852,794</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>17,289,420</u>
LIABILITIES	
Accounts payable	1,717,536
Accrued salaries and related items	3,701,865
Accrued retirement	1,464,029
Accrued interest	762,158
Unearned revenue	451,366
Due to other governmental units	433,943
Noncurrent obligations	
Due within one year	4,554,720
Due in more than a year	107,021,739
Net other postemployment benefits liability	3,340,181
Net pension liability	<u>51,430,885</u>
TOTAL LIABILITIES	<u>174,878,422</u>
DEFERRED INFLOWS OF RESOURCES	
Related to other postemployment benefits	12,776,341
Related to pensions	17,333,598
Related to state aid funding for pension	3,297,117
Related to unavailable revenue - leases	<u>104,422</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>33,511,478</u>
NET POSITION	
Net investment in capital assets	34,062,931
Restricted for food service	397,106
Restricted for capital projects (sinking fund)	2,708,950
Unrestricted	<u>(56,870,600)</u>
TOTAL NET POSITION	<u><u>\$ (19,701,613)</u></u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

Functions/Programs	Expenses	Program Revenues		Governmental Activities
		Charges for Services	Operating Grants and Contributions	Net (expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	\$ 24,745,498	\$ -	\$ 8,455,844	\$ (16,289,654)
Support services	15,518,600	83,653	2,348,258	(13,086,689)
Community services	12,599	-	11,580	(1,019)
Food services	1,781,289	24,446	2,035,245	278,402
Student/school activities	313,201	-	386,625	73,424
Interest on long-term debt	4,728,950	-	-	(4,728,950)
Loss on disposal of capital assets	1,397,217	-	-	(1,397,217)
Unallocated depreciation	6,049,842	-	-	(6,049,842)
Total governmental activities	<u>\$ 54,547,196</u>	<u>\$ 108,099</u>	<u>\$ 13,237,552</u>	<u>(41,201,545)</u>
General revenues				
Property taxes, levied for general purposes				10,586,520
Property taxes, levied for debt service				8,977,667
Property taxes, levied for sinking fund				1,233,155
Investment earnings				6,401
State sources				21,251,480
Intermediate sources				5,222,577
Other				353,609
Total general revenues				<u>47,631,409</u>
CHANGE IN NET POSITION				6,429,864
NET POSITION, beginning of year				<u>(26,131,477)</u>
NET POSITION, end of year				<u>\$ (19,701,613)</u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022**

	General Fund	2020 Capital Projects Fund	2019 Sinking Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 13,403,897	\$ -	\$ 3,140,431	\$ 2,669,449	\$ 19,213,777
Receivables					
Taxes receivable	19,540	-	1,199	8,160	28,899
Accounts receivable	21,714	-	-	-	21,714
Intergovernmental	7,050,415	-	-	22,751	7,073,166
Due from other funds	1,500	-	-	-	1,500
Leases	104,422	-	-	-	104,422
Inventories	10,970	-	-	98,315	109,285
Prepays	334,631	-	-	87,683	422,314
Restricted cash	-	3,502,060	-	-	3,502,060
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 20,947,089</u>	<u>\$ 3,502,060</u>	<u>\$ 3,141,630</u>	<u>\$ 2,886,358</u>	<u>\$ 30,477,137</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 497,355	\$ 373,032	\$ -	\$ 847,149	\$ 1,717,536
Accrued salaries and related items	3,701,865	-	-	-	3,701,865
Accrued retirement	1,464,029	-	-	-	1,464,029
Due to other funds	-	-	-	1,500	1,500
Due to other governmental units	1,263	-	432,680	-	433,943
Unearned revenue	395,164	-	-	56,202	451,366
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>6,059,676</u>	<u>373,032</u>	<u>432,680</u>	<u>904,851</u>	<u>7,770,239</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	100,000	-	-	-	100,000
Unavailable revenue - leases	104,422	-	-	-	104,422
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>204,422</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>204,422</u>
FUND BALANCES					
Nonspendable					
Inventories	10,970	-	-	98,315	109,285
Prepays	334,631	-	-	87,683	422,314

	General Fund	2020 Capital Projects Fund	2019 Sinking Fund	Total Nonmajor Funds	Total Governmental Funds
FUND BALANCES (continued)					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ 759,035	\$ 759,035
Capital projects	-	3,129,028	2,708,950	-	5,837,978
Food service	-	-	-	561,542	561,542
Committed					
Student/school activities	-	-	-	474,932	474,932
Assigned for subsequent year expenditures	285,395	-	-	-	285,395
Unassigned general fund	<u>14,051,995</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,051,995</u>
 TOTAL FUND BALANCES	 <u>14,682,991</u>	 <u>3,129,028</u>	 <u>2,708,950</u>	 <u>1,981,507</u>	 <u>22,502,476</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	 <u>\$ 20,947,089</u>	 <u>\$ 3,502,060</u>	 <u>\$ 3,141,630</u>	 <u>\$ 2,886,358</u>	 <u>\$ 30,477,137</u>

Total governmental fund balances \$ 22,502,476

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

Deferred charges on refunding	605,107
Deferred outflows of resources - related to pensions	11,852,794
Deferred outflows of resources - related to other postemployment benefits	4,831,519
Deferred inflows of resources - related to pensions	(17,333,598)
Deferred inflows of resources - related to other postemployment benefits	(12,776,341)
Deferred inflows of resources - related to state funding for pension	(3,297,117)

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

The cost of the capital assets is	\$ 194,080,972
Accumulated depreciation is	<u>(53,157,742)</u>
	140,923,230

Revenue not recorded in the funds due to not being collected until after September 1st:

Deferred inflows - Special education payment due from IISD	100,000
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Long-term liabilities are not due and payable in the current period and are not reported in the funds:

Bonds payable	(110,594,434)
Compensated absences and termination benefits	(982,025)
Accrued interest is not included as a liability in government funds, it is recorded when paid	(762,158)
Net other postemployment benefits liability	(3,340,181)
Net pension liability	<u>(51,430,885)</u>

Net position of governmental activities \$ (19,701,613)

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022**

	<u>General Fund</u>	<u>2020 Capital Projects Fund</u>	<u>2019 Sinking Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Local sources					
Property taxes	\$ 10,600,320	\$ -	\$ 1,233,123	\$ 8,980,499	\$ 20,813,942
Investment earnings	-	3,186	-	3,764	6,950
Food sales and athletics	83,653	-	-	24,446	108,099
Student/school activities	-	-	-	386,625	386,625
Other	260,724	-	-	-	260,724
	<u>10,945,147</u>	<u>3,186</u>	<u>1,233,123</u>	<u>9,395,334</u>	<u>21,576,790</u>
Total local sources					
State sources	28,440,081	-	-	49,629	28,489,710
Federal sources	4,110,556	-	-	1,985,616	6,096,172
Incoming transfers and other	5,286,903	-	-	-	5,286,903
	<u>48,782,687</u>	<u>3,186</u>	<u>1,233,123</u>	<u>11,430,579</u>	<u>61,449,575</u>
TOTAL REVENUES					
EXPENDITURES					
Current					
Instruction	28,455,367	-	-	-	28,455,367
Supporting services	17,978,085	-	-	-	17,978,085
Food service activities	-	-	-	1,793,626	1,793,626
Student/school activities	-	-	-	313,201	313,201
Community service activities	12,599	-	-	-	12,599
Capital outlay	-	7,006,762	660,555	1,703,654	9,370,971

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	<u>General Fund</u>	<u>2020 Capital Projects Fund</u>	<u>2019 Sinking Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
EXPENDITURES (continued)					
Debt service					
Principal repayment	\$ -	\$ -	\$ -	\$ 4,030,000	\$ 4,030,000
Interest	-	-	-	4,760,150	4,760,150
Other costs	-	-	9	1,697	1,706
	<u>46,446,051</u>	<u>7,006,762</u>	<u>660,564</u>	<u>12,602,328</u>	<u>66,715,705</u>
TOTAL EXPENDITURES					
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,336,636</u>	<u>(7,003,576)</u>	<u>572,559</u>	<u>(1,171,749)</u>	<u>(5,266,130)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	<u>24,760</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,760</u>
NET CHANGE IN FUND BALANCES	2,361,396	(7,003,576)	572,559	(1,171,749)	(5,241,370)
FUND BALANCES					
Beginning of year	<u>12,321,595</u>	<u>10,132,604</u>	<u>2,136,391</u>	<u>3,153,256</u>	<u>27,743,846</u>
End of year	<u>\$ 14,682,991</u>	<u>\$ 3,129,028</u>	<u>\$ 2,708,950</u>	<u>\$ 1,981,507</u>	<u>\$ 22,502,476</u>

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**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

Net change in fund balances total governmental funds \$ (5,241,370)

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	(6,049,842)
Capital outlay	9,299,147
Net book value of assets disposed	(1,397,217)

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 the year	793,358
Accrued interest payable, end of the year	(762,158)

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

Payments on debt	4,030,000
Amortization of deferred charges on refunding	(75,638)
Amortization of bond premium	1,053,255

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:

Deferred inflows - unavailable revenue, beginning of the year	(113,800)
Deferred inflows - unavailable revenue, end of the year	100,000

Compensated absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:

Accrued compensated absences and termination benefits, beginning of the year	886,361
Accrued compensated absences and termination benefits, end of the year	(982,025)

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 benefits related items	3,611,900
Pension related items	1,751,636

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

State aid funding for pension, beginning of year	2,823,374
State aid funding for pension, end of year	(3,297,117)

Change in net position of governmental activities \$ 6,429,864

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2022**

	Custodial Funds
ASSETS	
Cash	\$ 48,209
NET POSITION	
Restricted for student organizations	\$ 48,209

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2022**

	Custodial Funds
ADDITIONS	
Student activity income	\$ -
Investment earnings	-
	-
TOTAL ADDITIONS	-
DEDUCTIONS	
Payments made on behalf of student organizations	-
	-
NET POSITION	
Beginning of year	48,209
End of year	\$ 48,209

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Reporting Entity

The School District of the City of East Lansing (the "District") is governed by the School District of the City of East Lansing's 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.

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 *2020 Capital Projects Fund* accounts for the receipt of debt proceeds and the acquisition of capital assets or construction of major capital projects.

The *2019 Sinking Fund* accounts for the receipt of property taxes levied for sinking fund and subsequent expenditures of those funds. The fund has complied with the applicable provisions of Section 1212(1) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements (continued)

The capital projects funds include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the school district has complied with the applicable provisions of §1351a of the Revised School Code.

	2020
Revenue, not including proceeds	\$ 179,136
Expenditures and transfers	\$ 23,693,719

The above revenue figures do not include total 2020 bond proceeds and premium of \$26,643,611.

Other Nonmajor Funds

The *Special Revenue Funds* account for revenue sources that are legally restricted or committed to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service and student/school activities in special revenue funds.

The *2015 Refunding Debt Service Fund*, the *2017 debt service fund*, and the *2020 debt service fund* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *2012 Capital Projects Fund* accounts for the receipt of proceeds from the sale of a building and the acquisition of capital assets or construction of major capital projects.

The capital projects *Sinking Funds* record capital project activities funded with sinking fund millage and other sources. For the sinking fund, the District has complied with the applicable provision of §1212(1) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95.

Fiduciary Funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the District under the terms of a formal trust agreement. 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.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements (continued)

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

Measurement Focus and Basis of Accounting

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

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, 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 the 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).

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

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

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

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

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

Budgetary Information

Budgetary Basis of Accounting

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

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances are re-appropriated and become part of the subsequent year's budget.

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

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

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Information (continued)

Budgetary Basis of Accounting (continued)

3. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the required supplementary information section.
4. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.
5. The budget was amended during the year with supplemental appropriations, the last one approved prior to year ended June 30, 2022. The District does not consider these amendments to be significant.

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

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of 3 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 (3) highest classifications established by not less than two (2) 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.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Investments (continued)

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

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

Inventories and 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, equipment, and transportation vehicles, 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 \$5,000 and an estimated useful life in excess of 2 years. Group purchases are evaluated on a case-by-case basis. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

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

Land and construction in progress if any are not depreciated. The other property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Capital Asset Classes	Lives
Buildings and additions	20 - 50
Furniture and equipment	5 - 20
Land improvements	15 - 20
Vehicles	8

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Defined Benefit Plans

For purposes of measuring the net pension and other postemployment liability, 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.

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 position 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 three items that qualify for reporting in this category. They are the deferred charge on refunding, pension, and other postemployment benefits related items reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. 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 position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category. The first is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension contributions subsequent to the measurement period. The second and third items are future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension and other postemployment benefit liability and the actual results. The amounts are amortized over a period determined by the actuary. The fourth item is unavailable revenue. The district reports unavailable revenue from receipts that are received after 60 days of year end and future lease revenue. These amounts are deferred and recognized as inflow of resources in the period that the amounts become available.

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.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

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

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

The District has committed and adopted a minimum fund balance policy. In the general fund, the District strives to maintain a fund balance to be 10% of the actual GAAP basis expenditures and other financing uses.

Leases

Lessor: The District is a lessor for a noncancelable lease of building space. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payment received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Leases (continued)

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

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

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

Revenues and Expenditures/Expenses

Program Revenues

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

Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied and become a lien as of July 1 and 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 date is September 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, 2022 the District levied the following amounts per \$1,000 of assessed valuation:

Fund	Mills
General fund	
Non-Principal Residence Exemption (PRE)	18.0000
Commercial Personal Property	6.0000
Debt service fund	
PRE, Non-PRE, Commercial Personal Property	6.8000
Sinking fund	
PRE, Non-PRE, Commercial Personal Property	0.9990

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses (continued)

Compensated Absences and Termination Benefits

The District's policy permits employees to accumulate earned but unused vacation and sick leave benefits, which are eligible for payment upon separation from service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. 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 2 - DEPOSITS AND INVESTMENTS

As of June 30, 2022, the District had deposits and investments subject to the following risk:

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2022, \$22,592,086 of the District's bank balance of \$22,842,086 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 \$22,764,047.

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.

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.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

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.

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.

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.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement (continued)

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

The following summarizes the categorization of these amounts as of June 30, 2022:

	Primary Government	Custodial Fund	Total
Cash and cash equivalents	\$ 19,213,777	\$ 48,209	\$ 19,261,986
Restricted cash - capital projects	3,502,060	-	3,502,060
	\$ 22,715,837	\$ 48,209	\$ 22,764,046

NOTE 3 - INTERGOVERNMENTAL RECEIVABLES

Receivables at June 30, 2022 consist of the following:

Intergovernmental	
State aid	\$ 5,466,654
Federal revenue	1,356,066
Ingham Intermediate School District	250,446
	\$ 7,073,166

No allowance for doubtful accounts is considered necessary.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 - CAPITAL ASSETS

A summary of changes in the District's capital assets at June 30, 2022 is as follows:

	Balance July 1, 2021	Additions/ reclassifications	Deletions/ reclassifications	Balance June 30, 2022
Capital assets not being depreciated				
Land	\$ 480,535	\$ -	\$ -	\$ 480,535
Construction in progress	15,447,921	2,086,295	15,447,921	2,086,295
Total capital assets not being depreciated	15,928,456	2,086,295	15,447,921	2,566,830
Capital assets being depreciated				
Land improvements	17,654,272	3,291,128	496,287	20,449,113
Buildings and additions	147,303,661	18,297,147	4,006,420	161,594,388
Furniture and equipment	8,330,368	1,048,513	237,745	9,141,136
Vehicles	305,520	23,985	-	329,505
Total capital assets being depreciated	173,593,821	22,660,773	4,740,452	191,514,142
Accumulated depreciation				
Land improvements	8,798,181	995,832	415,426	9,378,587
Building and improvements	36,795,691	4,385,723	2,713,699	38,467,715
Furniture and equipment	4,647,568	640,512	214,110	5,073,970
Vehicles	209,695	27,775	-	237,470
Total accumulated depreciation	50,451,135	6,049,842	3,343,235	53,157,742
Net capital assets being depreciated	123,142,686	16,610,931	1,397,217	138,356,400
Net governmental capital assets	\$ 139,071,142	\$ 18,697,226	\$ 16,845,138	\$ 140,923,230

Depreciation for the fiscal year ended June 30, 2022 amounted to \$6,049,842. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

Receivable Fund	Amount	Payable Fund	Amount
General fund	\$ 1,500	Nonmajor funds	\$ 1,500

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

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - LONG-TERM OBLIGATIONS

The following is a summary of long-term obligations for the District for the year ended June 30, 2022.

	General Obligation Bonds	Compensated Absences and Termination Benefits	Total
Balance, July 1, 2021	\$ 115,677,689	\$ 886,361	\$ 116,564,050
Additions	-	143,603	143,603
Deletions	<u>(5,083,255)</u>	<u>(47,939)</u>	<u>(5,131,194)</u>
Balance, June 30, 2022	110,594,434	982,025	111,576,459
Due within one year	<u>(4,540,000)</u>	<u>(14,720)</u>	<u>(4,554,720)</u>
Due in more than one year	<u>\$ 106,054,434</u>	<u>\$ 967,305</u>	<u>\$ 107,021,739</u>

The District issues general obligation bonds to provide funds for the acquisition, construction, and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. Long-term obligations at June 30, 2022 are comprised of the following issues:

General Obligation Bonds

2015 Refunding general obligation bonds due in annual installments of \$2,405,000 to \$2,620,000 through May 1, 2030, with interest at 5.00%.	\$ 20,240,000
2017 Building and site bonds due in annual installments of \$1,575,000 to \$2,920,000 through May 1, 2042, with interest rates from 4% to 5%.	53,040,000
2020 Building and site bonds due in annual installments of \$345,000 to \$1,045,000 through May 1, 2044, with interest rates from 4% to 5%.	21,160,000
Plus issuance premium	<u>16,154,434</u>
Total general obligation bonds	110,594,434
Compensated absences and termination benefits	<u>982,025</u>
Total general long-term obligations	<u>\$ 111,576,459</u>

The District has defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2022, \$24,475,000 of bonds outstanding are considered defeased.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

The annual requirements to amortize the long-term obligations outstanding exclusive of compensated absences payments as of June 30, 2022 are as follows:

Year Ending June 30,	General Obligation Bonds		Compensated Absences and Termination Benefits	Total
	Principal	Interest		
2023	\$ 4,540,000	\$ 4,572,950	\$ -	\$ 9,112,950
2024	5,045,000	4,365,150	-	9,410,150
2025	5,505,000	4,137,300	-	9,642,300
2026	5,730,000	3,891,200	-	9,621,200
2027	5,955,000	3,636,500	-	9,591,500
2028 - 2032	26,235,000	13,957,750	-	40,192,750
2033 - 2037	19,600,000	8,403,000	-	28,003,000
2038 - 2042	19,740,000	3,486,000	-	23,226,000
2043 - 2044	2,090,000	156,750	-	2,246,750
	94,440,000	46,606,600	-	141,046,600
Issuance premium	16,154,434	-	-	16,154,434
Compensated absences and termination benefits	-	-	982,025	982,025
	<u>\$ 110,594,434</u>	<u>\$ 46,606,600</u>	<u>\$ 982,025</u>	<u>\$ 158,183,059</u>

Interest expense (all funds) for the year ended June 30, 2022 was approximately \$4,760,000.

NOTE 7 - 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.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Plan Description (continued)

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:

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

Benefits Provided - Pension

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

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

Pension Reform 2010

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

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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.

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).

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2012 (continued)

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.

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.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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.

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.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Employer Contributions (continued)

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, 2021 were determined as of the September 30, 2018 actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2018 are amortized over an 18-year period beginning October 1, 2020 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, 2020 - September 30, 2021	13.39% - 19.78%	7.57% - 8.43%
October 1, 2021 - September 30, 2022	13.73% - 20.14%	7.23% - 8.09%

The District's pension contributions for the year ended June 30, 2022 were equal to the required contribution total. Total pension contributions were approximately \$7,469,000. Of the total pension contributions approximately \$7,225,000 was contributed to fund the Defined Benefit Plan and approximately \$244,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2022 were equal to the required contribution total. Total OPEB contributions were approximately \$1,874,000. Of the total OPEB contributions approximately \$1,747,000 was contributed to fund the Defined Benefit Plan and approximately \$127,000 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).

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - 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, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2020 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

<u>MPERS (Plan) Non-university Employers</u>	<u>September 30, 2021</u>	<u>September 30, 2020</u>
Total Pension Liability	\$ 86,392,473,395	\$ 85,290,583,799
Plan Fiduciary Net Position	\$ 62,717,060,920	\$ 50,939,496,006
Net Pension Liability	\$ 23,675,412,475	\$ 34,351,087,793
Proportionate Share	0.21723%	0.21488%
Net Pension Liability for the District	\$ 51,430,885	\$ 73,813,387

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

For the year ended June 30, 2022, the District recognized pension expense of \$5,473,229.

At June 30, 2022, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 3,242,019	\$ -
Net difference between projected and actual pension plan investments earnings	-	16,534,864
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,039,003	495,867
Differences between expected and actual experience	796,686	302,867
Reporting Unit's contributions subsequent to the measurement date	<u>6,775,086</u>	<u>-</u>
	<u>\$ 11,852,794</u>	<u>\$ 17,333,598</u>

\$6,775,086, 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.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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:

<u>Year Ending September 30,</u>	<u>Amount</u>
2022	\$ (1,449,212)
2023	(2,639,472)
2024	(3,764,090)
2025	(4,403,116)

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

OPEB Liabilities

The net OPEB liability was measured as of September 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of September 30, 2020 and rolled-forward using generally accepted actuarial procedures. The 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.

<u>MPERS (Plan) Non-university Employers</u>	<u>September 30, 2021</u>	<u>September 30, 2020</u>
Total other postemployment benefit liability	\$ 12,046,393,511	\$ 13,206,903,534
Plan fiduciary net position	\$ 10,520,015,621	\$ 7,849,636,555
Net other postemployment benefit liability	\$ 1,526,377,890	\$ 5,357,266,979
Proportionate share	0.21683%	0.21683%
Net other postemployment benefit liability for the District	\$ 3,340,181	\$ 11,616,267

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

OPEB Liabilities, 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

For the year ended June 30, 2022, the District recognized OPEB benefit of \$1,864,885.

At June 30, 2022, 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	\$ -	\$ 9,534,307
Changes of assumptions	2,792,225	417,821
Net difference between projected and actual earnings on OPEB plan investments	-	2,517,554
Changes in proportion and differences between employer contributions and proportionate share of contributions	478,700	306,659
Employer contributions subsequent to the measurement date	1,560,594	-
	\$ 4,831,519	\$ 12,776,341

\$1,560,594, 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 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 Ending September 30,	Amount
2022	\$ (2,569,293)
2023	(2,291,159)
2024	(2,010,158)
2025	(1,892,449)
2026	(656,254)
2027	(86,103)

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions

Investment Rate of Return for Pension - 6.80% a year, compounded annually net of investment and administrative expenses for the MIP, Basic and Pension Plus groups and 6.00% a year, compounded annually net of investment and administrative expenses for Pension Plus 2 Plan.

Investment Rate of Return for OPEB - 6.95% 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: RP-2014 Male and Female Healthy Annuitant Mortality Tables scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Active: RP-2014 Male and Female Employee Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Disabled Retirees: RP-2014 Male and Female Disabled Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Experience Study - The annual actuarial valuation report of the System used for these statements is dated September 30, 2020. Assumption changes as a result of an experience study for the periods 2012 through 2017 have been adopted by the System for use in the determination of the total pension and OPEB liability beginning with the September 30, 2018 valuation.

The Long-Term Expected Rate of Return on Pension and Other Postemployment Benefit Plan Investments - The pension rate was 6.80% (MIP, Basic, and Pension Plus Plan) and 6.00% for Pension Plus 2 Plan, and the other postemployment benefit rate was 6.95%, net of investment and administrative expenses was 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 3.5% in year fifteen. Post 65, 5.25% for year one and graded to 3.5% in year fifteen.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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

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

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

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

The target asset allocation at September 30, 2021 and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Investment Category</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return*</u>
Domestic Equity Pools	25.00%	5.40%
International Equity Pools	15.00%	7.50%
Private Equity Pools	16.00%	9.10%
Real Estate and Infrastructure Pools	10.00%	5.40%
Fixed Income Pools	10.50%	-0.70%
Absolute Return Pools	9.00%	2.60%
Real Return/Opportunistic Pools	12.50%	6.10%
Short Term Investment Pools	2.00%	-1.30%
	<u>100.00%</u>	

* Long term rates of return are net of administrative expenses and 2.0% inflation.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

Rate of Return - For fiscal year ended September 30, 2021, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 27.3% and 27.14%, 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 6.80% was used to measure the total pension liability (6.00% for the Pension Plus 2 Plan). This discount rate was based on the expected rate of return on pension plan investments of 6.80% (6.00% for the Pension Plus 2 Plan). 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 6.95% 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 6.95%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that school districts contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the Reporting Unit's proportionate share of the net pension liability calculated using a single discount rate of 6.80% (6.00% for the Pension Plus 2 Plan), 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	\$ 73,532,217	\$ 51,430,885	\$ 33,107,430

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the Reporting Unit's proportionate share of the net OPEB liability calculated using a single discount rate of 6.95%, as well as what the Reporting Unit's proportionate share of the 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:

	Other Postemployment Benefit		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability	\$ 6,206,658	\$ 3,340,181	\$ 907,565

Sensitivity to the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the Reporting Unit's proportionate share of the net other postemployment benefit liability calculated using the healthcare cost trend rate, as well as what the Reporting Unit's proportionate share of the net other postemployment benefit 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:

	Other Postemployment Benefit		
	Current		
	Healthcare Cost		
	1% Decrease	Trend Rates	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability	\$ 812,973	\$ 3,340,181	\$ 6,183,593

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 2021 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 8 - 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 two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The District pays annual premiums under a retrospectively rated policy to the pools for the respective insurance coverage.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - RISK MANAGEMENT (continued)

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 and the property casualty 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 employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2022 or any of the prior 3 years.

NOTE 9 - 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
City of East Lansing	\$ 1,211,561
City of Lansing	27,499
Total	\$ 1,239,060

The taxes abated for the general fund operating millage is considered by the State of Michigan when determining the District's section 22 funding of the State School Aid Act.

NOTE 10 - 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.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 11 - UPCOMING ACCOUNTING PRONOUNCEMENTS

In May 2020, the GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2022-2023 fiscal year.

NOTE 12 - CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2022, the District implemented the following new pronouncement: GASB Statement No. 87, *Leases*.

Summary:

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, was issued by the GASB in June 2017. The objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were 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 the 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, thereby enhancing the relevance and consistency of information about governments' leasing activities.

There was no material impact on the District's financial statement after the adoption of GASB Statement 87.

NOTE 13 - LEASE RECEIVABLE

The District is leasing school facilities to a third party for the operation of and arts and recreation program and a before-and-after school program. The lease will continue for two more years and the District will receive annual payments of \$54,694 and \$56,061 in 2023 and 2024, respectively. The District recognized \$47,543 in lease revenue and \$6,079 in interest revenue during the current fiscal year related to this lease. As of June 30, 2022, the District's receivable for lease payments was \$104,422. Also, the District has deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources was \$104,422.

REQUIRED SUPPLEMENTARY INFORMATION

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local sources	\$ 11,522,815	\$ 10,977,682	\$ 10,945,147	\$ (32,535)
State sources	26,089,008	28,036,028	28,440,081	404,053
Federal sources	1,849,202	4,240,286	4,110,556	(129,730)
Incoming transfers and other	4,595,803	5,063,198	5,286,903	223,705
TOTAL REVENUES	44,056,828	48,317,194	48,782,687	465,493
EXPENDITURES				
Current				
Instruction				
Basic programs	21,102,480	22,115,669	21,824,436	291,233
Added needs	6,497,740	6,901,758	6,630,931	270,827
Total instruction	27,600,220	29,017,427	28,455,367	562,060
Supporting services				
Pupil	3,421,168	3,667,088	3,562,891	104,197
Instructional staff	2,731,316	3,174,963	3,001,823	173,140
General administration	481,716	491,459	463,938	27,521
School administration	2,818,866	2,836,919	2,779,311	57,608
Business	652,055	574,421	541,018	33,403
Operation/maintenance	4,152,139	4,350,185	4,274,750	75,435
Pupil transportation	1,250,043	1,524,136	1,557,708	(33,572)
Central	985,074	1,066,466	968,127	98,339
Athletics	757,130	829,840	828,519	1,321
Total supporting services	17,249,507	18,515,477	17,978,085	537,392
Community services	38,501	27,565	12,599	14,966
TOTAL EXPENDITURES	44,888,228	47,560,469	46,446,051	1,114,418
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(831,400)	756,725	2,336,636	1,579,911
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	11,000	29,000	24,760	(4,240)
NET CHANGE IN FUND BALANCE	\$ (820,400)	\$ 785,725	2,361,396	\$ 1,575,671
FUND BALANCE				
Beginning of year			12,321,595	
End of year	66		\$ 14,682,991	

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
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)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Reporting Unit's proportion of net pension liability (%)	0.21723%	0.21488%	0.21167%	0.21426%	0.21939%	0.21837%	0.21480%	0.22017%
Reporting Unit's proportionate share of net pension liability	<u>\$ 51,430,885</u>	<u>\$ 73,813,387</u>	<u>\$ 70,097,391</u>	<u>\$ 64,411,434</u>	<u>\$ 56,853,910</u>	<u>\$ 54,481,960</u>	<u>\$ 52,465,688</u>	<u>\$ 48,496,759</u>
Reporting Unit's covered-employee payroll	<u>\$ 19,768,312</u>	<u>\$ 19,238,765</u>	<u>\$ 18,626,250</u>	<u>\$ 17,883,246</u>	<u>\$ 18,372,230</u>	<u>\$ 18,594,479</u>	<u>\$ 17,927,386</u>	<u>\$ 18,712,153</u>
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	260.17%	383.67%	376.34%	360.18%	309.46%	293.00%	292.66%	259.17%
Plan fiduciary net position as a percentage of total pension liability (Non-university employee)	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

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.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
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)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contributions	\$ 7,224,865	\$ 6,300,939	\$ 5,834,186	\$ 5,549,581	\$ 5,700,705	\$ 5,129,913	\$ 4,676,809	\$ 3,817,387
Contributions in relation to statutorily required contributions	<u>7,224,865</u>	<u>6,300,939</u>	<u>5,834,186</u>	<u>5,549,581</u>	<u>5,700,705</u>	<u>5,129,913</u>	<u>4,676,809</u>	<u>3,817,387</u>
Contribution deficiency (excess)	<u>\$ -</u>							
Reporting Unit's covered-employee payroll	<u>\$ 21,142,037</u>	<u>\$ 19,193,974</u>	<u>\$ 19,166,115</u>	<u>\$ 18,410,181</u>	<u>\$ 17,992,654</u>	<u>\$ 18,395,718</u>	<u>\$ 16,608,983</u>	<u>\$ 18,107,753</u>
Contributions as a percentage of covered-employee payroll	34.17%	32.83%	30.44%	30.14%	31.68%	27.89%	28.16%	21.08%

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.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Reporting Unit's proportion of net OPEB liability (%)	0.21883%	0.21683%	0.21337%	0.21015%	0.21979%
Reporting Unit's proportionate share of net OPEB liability	<u>\$ 3,340,181</u>	<u>\$ 11,616,267</u>	<u>\$ 15,315,292</u>	<u>\$ 16,704,498</u>	<u>\$ 19,463,607</u>
Reporting Unit's covered-employee payroll	<u>\$ 19,768,312</u>	<u>\$ 19,238,765</u>	<u>\$ 18,626,250</u>	<u>\$ 17,883,246</u>	<u>\$ 18,372,230</u>
Reporting Unit's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	16.90%	60.38%	82.22%	93.41%	105.94%
Plan fiduciary net position as a percentage of total OPEB liability (Non-university employee)	87.33%	59.44%	48.46%	42.95%	36.39%

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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.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
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)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contributions	\$ 1,747,015	\$ 1,651,425	\$ 1,647,518	\$ 1,541,169	\$ 1,599,006
Contributions in relation to statutorily required contributions	<u>1,747,015</u>	<u>1,651,425</u>	<u>1,647,518</u>	<u>1,541,169</u>	<u>1,599,006</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Reporting Unit's covered-employee payroll	<u>\$ 21,142,037</u>	<u>\$ 19,193,974</u>	<u>\$ 19,166,115</u>	<u>\$ 18,410,181</u>	<u>\$ 17,992,654</u>
Contributions as a percentage of covered-employee payroll	8.26%	8.60%	8.60%	8.37%	8.89%

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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.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2022**

NOTE 1 - PENSION INFORMATION

Benefit Changes - there were no changes of benefit terms in 2021.

Changes of Assumptions - there were no changes of assumptions in 2021.

NOTE 2 - OPEB INFORMATION

Benefit Changes - there were no changes of benefit terms in 2021.

Changes of Assumptions - the assumption changes for 2021 were:

Healthcare cost trend rate was broken into two groups, Pre 65 and Post 65. The Pre 65 rate is 7.75% Year 1 graded to 3.50% Year 15. The Post 65 rate is 5.25% Year 1 graded to 3.50% Year 15. The prior healthcare cost trend rate was reported as one group with a rate of 7.00% Year 1 graded to 3.50% Year 15.

ADDITIONAL SUPPLEMENTARY INFORMATION

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
YEAR ENDED JUNE 30, 2022**

LOCAL SOURCES	
Property taxes	\$ 10,600,320
Tuition	450
Other local revenue	260,724
Athletics	<u>83,653</u>
TOTAL LOCAL SOURCES	<u>10,945,147</u>
STATE SOURCES	
Foundation grant	13,271,978
Special education	1,812,143
Other state revenue	<u>13,355,960</u>
TOTAL STATE SOURCES	<u>28,440,081</u>
FEDERAL SOURCES	
Title I	466,965
Title II	73,714
Title III	42,774
ESSER II	1,236,505
ESSER III Formula	903,124
ESSER III - 11t	550,185
23b(2)(a) ESSER II - Summer Programming	474,100
23b(2)(b) ESSER II - Credit Recovery	58,300
23c GEER II	82,000
Other federal revenue	<u>222,889</u>
TOTAL FEDERAL SOURCES	<u>4,110,556</u>
INCOMING TRANSFERS AND OTHER TRANSACTIONS	
Special education	5,212,613
Other	<u>74,290</u>
TOTAL INCOMING TRANSFERS AND OTHER TRANSACTIONS	<u>5,286,903</u>
TOTAL REVENUES	<u>48,782,687</u>
OTHER FINANCING SOURCES	
Proceeds from sale of capital assets	<u>24,760</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u><u>\$ 48,807,447</u></u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
GENERAL FUND
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2022**

INSTRUCTION

Basic programs

Elementary

Salaries	\$ 5,451,909
Benefits	3,704,251
Purchased services	48,429
Supplies and materials	129,423
Capital outlay	4,040
Other expenses	629,753

Total elementary	9,967,805
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Middle school

Salaries	2,449,382
Benefits	1,746,248
Purchased services	36,906
Supplies and materials	197,185
Capital outlay	14,757
Other expenses	148,963

Total middle school	4,593,441
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High school

Salaries	3,376,783
Benefits	2,316,372
Purchased services	280,895
Supplies and materials	99,377
Capital outlay	69,703
Other expenses	347,543

Total high school	6,490,673
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Pre-school

Salaries	168,547
Benefits	131,543
Supplies and materials	3,893
Capital outlay	323
Other expenses	2,626

Total pre-school	306,932
------------------	---------

Summer school

Salaries	305,029
Benefits	131,413
Supplies and materials	12,643
Other expenses	16,500

Total summer school	465,585
---------------------	---------

Total basic programs	21,824,436
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**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
GENERAL FUND
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2022**

INSTRUCTION (continued)

Added needs

Special education

Salaries	\$ 2,182,635
Benefits	1,748,321
Purchased services	35,811
Supplies and materials	15,540
Capital outlay	2,421
Other expenses	897,654
	897,654

Total special education	4,882,382
-------------------------	-----------

Compensatory education

Salaries	939,959
Benefits	771,933
Purchased services	33,735
Supplies and materials	2,125
Other expenses	797
	797

Total compensatory education	1,748,549
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Total added needs	6,630,931
-------------------	-----------

TOTAL INSTRUCTION	28,455,367
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SUPPORTING SERVICES

Pupil services

Salaries	1,842,376
Benefits	1,293,569
Purchased services	1,612
Supplies and materials	10,129
Capital outlay	238
Other expenses	414,967
	414,967

Total pupil services	3,562,891
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**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
GENERAL FUND
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2022**

SUPPORTING SERVICES (continued)

Instructional staff services	
Salaries	\$ 1,494,892
Benefits	1,055,878
Purchased services	158,389
Supplies and materials	193,586
Capital outlay	8,570
Other expenses	<u>90,508</u>
Total instructional staff services	<u>3,001,823</u>
 General administration	
Salaries	215,732
Benefits	152,225
Purchased services	78,825
Supplies and materials	8,502
Capital outlay	1,058
Other expenses	<u>7,596</u>
Total general administration	<u>463,938</u>
 School administration	
Salaries	1,611,265
Benefits	1,105,491
Purchased services	29,026
Supplies and materials	23,336
Capital outlay	886
Other expenses	<u>9,307</u>
Total school administration	<u>2,779,311</u>
 Business services	
Salaries	275,319
Benefits	193,492
Purchased services	43,708
Supplies and materials	11,705
Other expenses	<u>16,794</u>
Total business services	<u>541,018</u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
GENERAL FUND
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2022**

SUPPORTING SERVICES (continued)

Operations and maintenance	
Salaries	\$ 389,658
Benefits	268,519
Purchased services	1,945,526
Supplies and materials	1,584,929
Capital outlay	84,073
Other expenses	<u>2,045</u>
Total operations and maintenance	<u>4,274,750</u>
Transportation	
Purchased services	23,947
Supplies and materials	74,436
Other expenses	<u>1,459,325</u>
Total transportation	<u>1,557,708</u>
Central services	
Salaries	364,937
Benefits	267,348
Purchased services	274,572
Supplies and materials	7,485
Capital outlay	29,837
Other expenses	<u>23,948</u>
Total central services	<u>968,127</u>
Athletics	
Salaries	397,480
Benefits	237,847
Purchased services	85,502
Supplies and materials	90,325
Capital outlay	5,277
Other expenses	<u>12,088</u>
Total athletics	<u>828,519</u>
TOTAL SUPPORTING SERVICES	<u>17,978,085</u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
GENERAL FUND
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2022**

COMMUNITY SERVICES	
Salaries	\$ 1,394
Benefits	929
Purchased services	8,689
Supplies and materials	<u>1,587</u>
TOTAL COMMUNITY SERVICES	<u>12,599</u>
TOTAL EXPENDITURES	<u><u>\$ 46,446,051</u></u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES
JUNE 30, 2022**

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Funds
ASSETS				
Cash and cash equivalents	\$ 1,243,478	\$ 752,375	\$ 673,596	\$ 2,669,449
Taxes receivable	-	8,160	-	8,160
Intergovernmental	22,751	-	-	22,751
Prepays	86,475	1,208	-	87,683
Inventories	98,315	-	-	98,315
TOTAL ASSETS	<u>\$ 1,451,019</u>	<u>\$ 761,743</u>	<u>\$ 673,596</u>	<u>\$ 2,886,358</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 173,553	\$ -	\$ 673,596	\$ 847,149
Due to other funds	-	1,500	-	1,500
Unearned revenue	56,202	-	-	56,202
TOTAL LIABILITIES	<u>229,755</u>	<u>1,500</u>	<u>673,596</u>	<u>904,851</u>
FUND BALANCES				
Nonspendable				
Prepays	86,475	1,208	-	87,683
Inventories	98,315	-	-	98,315
Restricted for:				
Debt service	-	759,035	-	759,035
Food service	561,542	-	-	561,542
Committed	474,932	-	-	474,932
TOTAL FUND BALANCES	<u>1,221,264</u>	<u>760,243</u>	<u>-</u>	<u>1,981,507</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,451,019</u>	<u>\$ 761,743</u>	<u>\$ 673,596</u>	<u>\$ 2,886,358</u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2022**

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Funds
REVENUES				
Local sources				
Property taxes	\$ -	\$ 8,977,667	\$ 2,832	\$ 8,980,499
Investment earnings	-	3,764	-	3,764
Food sales	24,446	-	-	24,446
Student/school activities	386,625	-	-	386,625
Total local sources	411,071	8,981,431	2,832	9,395,334
State sources	49,629	-	-	49,629
Federal sources	1,985,616	-	-	1,985,616
TOTAL REVENUES	2,446,316	8,981,431	2,832	11,430,579
EXPENDITURES				
Current				
Food service activities	1,793,626	-	-	1,793,626
Student/school activities	313,201	-	-	313,201
Capital outlay	260,555	-	1,443,099	1,703,654
Debt service				
Principal repayment	-	4,030,000	-	4,030,000
Interest expense	-	4,760,150	-	4,760,150
Other costs	-	1,697	-	1,697
TOTAL EXPENDITURES	2,367,382	8,791,847	1,443,099	12,602,328
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	78,934	189,584	(1,440,267)	(1,171,749)
NET CHANGE IN FUND BALANCES	78,934	189,584	(1,440,267)	(1,171,749)
FUND BALANCES				
Beginning of year	1,142,330	570,659	1,440,267	3,153,256
End of year	\$ 1,221,264	\$ 760,243	\$ -	\$ 1,981,507

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2022**

	<u>Food Service</u>	<u>Student/School Activities</u>	<u>Total Nonmajor Special Revenue</u>
ASSETS			
Cash and cash equivalents	\$ 741,426	\$ 502,052	\$ 1,243,478
Intergovernmental	22,751	-	22,751
Prepays	86,475	-	86,475
Inventories	98,315	-	98,315
	<u>948,967</u>	<u>502,052</u>	<u>1,451,019</u>
TOTAL ASSETS	<u>\$ 948,967</u>	<u>\$ 502,052</u>	<u>\$ 1,451,019</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 146,433	\$ 27,120	\$ 173,553
Unearned revenue	56,202	-	56,202
	<u>202,635</u>	<u>27,120</u>	<u>229,755</u>
TOTAL LIABILITIES	<u>202,635</u>	<u>27,120</u>	<u>229,755</u>
FUND BALANCES			
Nonspendable			
Prepaid expenditures	86,475	-	86,475
Inventories	98,315	-	98,315
Restricted	561,542	-	561,542
Committed	-	474,932	474,932
	<u>746,332</u>	<u>474,932</u>	<u>1,221,264</u>
TOTAL FUND BALANCES	<u>746,332</u>	<u>474,932</u>	<u>1,221,264</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 948,967</u>	<u>\$ 502,052</u>	<u>\$ 1,451,019</u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2022**

	<u>Food Service</u>	<u>Student/School Activities</u>	<u>Total Nonmajor Special</u>
REVENUES			
Sales	\$ 24,446	\$ -	\$ 24,446
State sources	49,629	-	49,629
Federal sources	1,985,616	-	1,985,616
Student/school activities	-	386,625	386,625
	<u>2,059,691</u>	<u>386,625</u>	<u>2,446,316</u>
TOTAL REVENUES			
	<u>2,059,691</u>	<u>386,625</u>	<u>2,446,316</u>
EXPENDITURES			
Salaries	49,866	-	49,866
Benefits	26,348	-	26,348
Purchased services	150,660	-	150,660
Supplies and materials	1,047,139	-	1,047,139
Capital outlay	260,555	-	260,555
Other expenses	519,613	313,201	832,814
	<u>2,054,181</u>	<u>313,201</u>	<u>2,367,382</u>
TOTAL EXPENDITURES			
	<u>2,054,181</u>	<u>313,201</u>	<u>2,367,382</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>5,510</u>	<u>73,424</u>	<u>78,934</u>
NET CHANGE IN FUND BALANCES	5,510	73,424	78,934
FUND BALANCES			
Beginning of year	<u>740,822</u>	<u>401,508</u>	<u>1,142,330</u>
End of year	<u>\$ 746,332</u>	<u>\$ 474,932</u>	<u>\$ 1,221,264</u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2022**

	2015 Refunding	2017 Debt	2020 Debt	Total Nonmajor Debt Service
ASSETS				
Cash and cash equivalents	\$ 328,743	\$ 349,161	\$ 74,471	\$ 752,375
Prepays	375	500	333	1,208
TOTAL ASSETS	<u>\$ 332,598</u>	<u>\$ 353,429</u>	<u>\$ 75,716</u>	<u>\$ 761,743</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to other funds	\$ 500	\$ 500	\$ 500	\$ 1,500
FUND BALANCES				
Nonspendable				
Prepays	375	500	333	1,208
Restricted for debt service	<u>331,723</u>	<u>352,429</u>	<u>74,883</u>	<u>759,035</u>
TOTAL FUND BALANCES	<u>332,098</u>	<u>352,929</u>	<u>75,216</u>	<u>760,243</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 332,598</u>	<u>\$ 353,429</u>	<u>\$ 75,716</u>	<u>\$ 761,743</u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2022**

	2015 Refunding	2017 Debt	2020 Debt	Total Nonmajor Debt Service
REVENUES				
Local sources				
Property taxes	\$ 3,828,782	\$ 4,145,227	\$ 1,003,658	\$ 8,977,667
Investment earnings	1,608	1,881	275	3,764
TOTAL REVENUES	<u>3,830,390</u>	<u>4,147,108</u>	<u>1,003,933</u>	<u>8,981,431</u>
EXPENDITURES				
Principal repayment	2,600,000	1,430,000	-	4,030,000
Interest expense	1,142,000	2,609,050	1,009,100	4,760,150
Other costs	572	572	553	1,697
TOTAL EXPENDITURES	<u>3,742,572</u>	<u>4,039,622</u>	<u>1,009,653</u>	<u>8,791,847</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>87,818</u>	<u>107,486</u>	<u>(5,720)</u>	<u>189,584</u>
NET CHANGE IN FUND BALANCES	87,818	107,486	(5,720)	189,584
FUND BALANCES				
Beginning of year	<u>244,280</u>	<u>245,443</u>	<u>80,936</u>	<u>570,659</u>
End of year	<u>\$ 332,098</u>	<u>\$ 352,929</u>	<u>\$ 75,216</u>	<u>\$ 760,243</u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2022**

	<u>Sinking Fund</u>
ASSETS	
Cash and cash equivalents	<u>\$ 673,596</u>
LIABILITIES	
Accounts payable	<u>\$ 673,596</u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2022**

	<u>2012 Capital Projects Fund</u>	<u>Sinking Fund</u>	<u>Total Nonmajor Capital Projects</u>
REVENUE			
Property taxes	<u>\$ -</u>	<u>\$ 2,832</u>	<u>\$ 2,832</u>
EXPENDITURES			
Capital outlay	<u>146,652</u>	<u>1,296,447</u>	<u>1,443,099</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(146,652)</u>	<u>(1,293,615)</u>	<u>(1,440,267)</u>
NET CHANGE IN FUND BALANCES	<u>(146,652)</u>	<u>(1,293,615)</u>	<u>(1,440,267)</u>
FUND BALANCES			
Beginning of year	<u>146,652</u>	<u>1,293,615</u>	<u>1,440,267</u>
End of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
COMBINED DEBT SERVICE REQUIREMENTS
JUNE 30, 2022**

Fiscal Year Ending June 30,	2015 Refunding Debt	2017 Debt	2020 Debt	Combined
2023	\$ 3,632,000	\$ 4,126,850	\$ 1,354,100	\$ 9,112,950
2024	3,486,000	4,278,850	1,645,300	9,410,150
2025	3,340,750	4,417,250	1,884,300	9,642,300
2026	3,171,250	4,537,250	1,912,700	9,621,200
2027	2,998,750	4,699,250	1,893,500	9,591,500
2028	2,873,500	4,616,250	1,853,500	9,343,250
2029	2,703,250	4,828,000	1,813,500	9,344,750
2030	2,525,250	4,688,000	1,763,500	8,976,750
2031	-	4,648,000	1,713,500	6,361,500
2032	-	4,503,000	1,663,500	6,166,500
2033	-	4,358,000	1,613,500	5,971,500
2034	-	4,213,000	1,563,500	5,776,500
2035	-	4,088,000	1,523,500	5,611,500
2036	-	3,942,000	1,473,000	5,415,000
2037	-	3,796,000	1,432,500	5,228,500
2038	-	3,650,000	1,381,500	5,031,500
2039	-	3,504,000	1,330,500	4,834,500
2040	-	3,358,000	1,289,500	4,647,500
2041	-	3,212,000	1,238,000	4,450,000
2042	-	3,066,000	1,196,500	4,262,500
2043	-	-	1,149,500	1,149,500
2044	-	-	1,097,250	1,097,250
	<u>\$ 24,730,750</u>	<u>\$ 82,529,700</u>	<u>\$ 33,786,150</u>	<u>\$ 141,046,600</u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
SCHEDULE OF BONDED DEBT SERVICE REQUIREMENTS
2015 REFUNDING DEBT SERIES
JUNE 30, 2022**

2015 Debt Series

Fiscal Year	Principal Due May 1	Interest Due		Total Due Annually
		November 1	May 1	
2023	\$ 2,620,000	\$ 506,000	\$ 506,000	\$ 3,632,000
2024	2,605,000	440,500	440,500	3,486,000
2025	2,590,000	375,375	375,375	3,340,750
2026	2,550,000	310,625	310,625	3,171,250
2027	2,505,000	246,875	246,875	2,998,750
2028	2,505,000	184,250	184,250	2,873,500
2029	2,460,000	121,625	121,625	2,703,250
2030	2,405,000	60,125	60,125	2,525,250
Total 2015 bonded debt	\$ 20,240,000	\$ 2,245,375	\$ 2,245,375	\$ 24,730,750

The amount of the original bond issue was \$37,810,000.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
SCHEDULE OF BONDED DEBT SERVICE REQUIREMENTS
2017 DEBT SERIES
JUNE 30, 2022**

2017 Debt Series

Fiscal Year	Principal Due May 1	Interest Due		Total Due Annually
		November 1	May 1	
2023	\$ 1,575,000	\$ 1,275,925	\$ 1,275,925	\$ 4,126,850
2024	1,790,000	1,244,425	1,244,425	4,278,850
2025	2,000,000	1,208,625	1,208,625	4,417,250
2026	2,200,000	1,168,625	1,168,625	4,537,250
2027	2,450,000	1,124,625	1,124,625	4,699,250
2028	2,465,000	1,075,625	1,075,625	4,616,250
2029	2,800,000	1,014,000	1,014,000	4,828,000
2030	2,800,000	944,000	944,000	4,688,000
2031	2,900,000	874,000	874,000	4,648,000
2032	2,900,000	801,500	801,500	4,503,000
2033	2,900,000	729,000	729,000	4,358,000
2034	2,900,000	656,500	656,500	4,213,000
2035	2,920,000	584,000	584,000	4,088,000
2036	2,920,000	511,000	511,000	3,942,000
2037	2,920,000	438,000	438,000	3,796,000
2038	2,920,000	365,000	365,000	3,650,000
2039	2,920,000	292,000	292,000	3,504,000
2040	2,920,000	219,000	219,000	3,358,000
2041	2,920,000	146,000	146,000	3,212,000
2042	2,920,000	73,000	73,000	3,066,000
Total 2017 bonded debt	<u>\$ 53,040,000</u>	<u>\$ 14,744,850</u>	<u>\$ 14,744,850</u>	<u>\$ 82,529,700</u>

The amount of the original bond issue was \$57,960,000.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
SCHEDULE OF BONDED DEBT SERVICE REQUIREMENTS
2020 DEBT SERIES
JUNE 30, 2022**

2020 Debt Series

Fiscal Year	Principal Due May 1	Interest Due		Total Due Annually
		November 1	May 1	
2023	\$ 345,000	\$ 504,550	\$ 504,550	\$ 1,354,100
2024	650,000	497,650	497,650	1,645,300
2025	915,000	484,650	484,650	1,884,300
2026	980,000	466,350	466,350	1,912,700
2027	1,000,000	446,750	446,750	1,893,500
2028	1,000,000	426,750	426,750	1,853,500
2029	1,000,000	406,750	406,750	1,813,500
2030	1,000,000	381,750	381,750	1,763,500
2031	1,000,000	356,750	356,750	1,713,500
2032	1,000,000	331,750	331,750	1,663,500
2033	1,000,000	306,750	306,750	1,613,500
2034	1,000,000	281,750	281,750	1,563,500
2035	1,010,000	256,750	256,750	1,523,500
2036	1,010,000	231,500	231,500	1,473,000
2037	1,020,000	206,250	206,250	1,432,500
2038	1,020,000	180,750	180,750	1,381,500
2039	1,020,000	155,250	155,250	1,330,500
2040	1,030,000	129,750	129,750	1,289,500
2041	1,030,000	104,000	104,000	1,238,000
2042	1,040,000	78,250	78,250	1,196,500
2043	1,045,000	52,250	52,250	1,149,500
2044	1,045,000	26,125	26,125	1,097,250
Total 2020 bonded debt	<u>\$ 21,160,000</u>	<u>\$ 6,313,075</u>	<u>\$ 6,313,075</u>	<u>\$ 33,786,150</u>

The amount of the original bond issue was \$21,160,000.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
CAPITAL PROJECTS FUND - SINKING FUNDS
DETAIL OF EXPENDITURES
YEAR ENDED JUNE 30, 2022**

SINKING FUND EXPENDITURES

Donley Elementary	\$ 6,405
Glencairn Elementary	5,730
Marble Elementary	7,129
Robert L. Green Elementary	12,300
Red Cedar Elementary	2,151
Whitehills Elementary	4,050
MacDonald Middle School	33,815
East Lansing High School	<u>1,224,867</u>

TOTAL EXPENDITURES	<u><u>\$ 1,296,447</u></u>
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2019 SINKING FUND EXPENDITURES

Glencairn Elementary	\$ 345
MacDonald Middle School	29,020
East Lansing High School	631,190
Other	<u>9</u>

TOTAL EXPENDITURES	<u><u>\$ 660,564</u></u>
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**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
2012 CAPITAL PROJECTS FUND
DETAIL OF EXPENDITURES
YEAR ENDED JUNE 30, 2022**

EXPENDITURES	
MacDonald Middle School	\$ 79,130
East Lansing High School	<u>67,522</u>
 TOTAL EXPENDITURES	 <u><u>\$ 146,652</u></u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
2020 CAPITAL PROJECTS FUND
DETAIL OF EXPENDITURES
YEAR ENDED JUNE 30, 2022**

EXPENDITURES	
Donley Elementary	\$ 2,343,485
Glencairn Elementary	388,601
Marble Elementary	2,185,441
Robert L. Green Elementary	433,374
Red Cedar Elementary	929,334
Whitehills Elementary	<u>726,527</u>
 TOTAL EXPENDITURES	 <u><u>\$ 7,006,762</u></u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
 STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
 AND NET POSITION BY SCHOOL - CUSTODIAL FUND
 YEAR ENDED JUNE 30, 2022**

	<u>Net Position</u> <u>7/1/21</u>	<u>Additions</u>	<u>Deductions</u>	<u>Net Position</u> <u>6/30/22</u>
East Lansing High School	<u>\$ 48,209</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,209</u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-through Grantor/ Program Title	Federal ALN Number	Pass- through Grantor's Number	Approved Grant Award Amount	Accrued (unearned) Revenue 7/1/2021	(Memo Only) Prior Year Expenditures	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued (unearned) Revenue 6/30/2022
<u>U.S. Department of Agriculture</u>									
Passed through Michigan Department of Education									
Child Nutrition Cluster									
Non-cash assistance (donated foods)									
National School Lunch Program	10.555	N/A	\$ 96,978	\$ -	\$ -	\$ -	\$ 96,978	\$ 96,978	\$ -
Cash Assistance									
COVID-19 - National School Lunch Program	10.555	211961	176,331	-	-	-	176,331	176,331	-
COVID-19 - National School Lunch Program		221961	1,136,114	-	-	-	1,136,114	1,136,114	-
COVID-19 - National School Lunch Program		220910	79,966	-	-	-	79,966	79,966	-
			<u>1,392,411</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,392,411</u>	<u>1,392,411</u>	<u>-</u>
Total ALN 10.555			<u>1,489,389</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,489,389</u>	<u>1,489,389</u>	<u>-</u>
COVID-19 - School Breakfast Program	10.553	211971	58,824	-	-	-	58,824	58,824	-
COVID-19 - School Breakfast Program		221971	360,943	-	-	-	360,943	360,943	-
Total ALN 10.553			<u>419,767</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>419,767</u>	<u>419,767</u>	<u>-</u>
COVID-19 - Extended Summer Food Service Program	10.559	210904	138,750	62,290	-	-	76,460	131,152	7,598
Total Child Nutrition Cluster			<u>2,144,884</u>	<u>62,290</u>	<u>-</u>	<u>-</u>	<u>2,082,594</u>	<u>2,137,286</u>	<u>7,598</u>
COVID-19 - Pandemic EBT Local Cost Levels	10.649	210980	3,063	-	-	-	3,063	3,063	-
Total Cash Assistance			<u>1,953,991</u>	<u>62,290</u>	<u>-</u>	<u>-</u>	<u>1,891,701</u>	<u>1,946,393</u>	<u>7,598</u>
Total U.S. Department of Agriculture			<u>2,050,969</u>	<u>62,290</u>	<u>-</u>	<u>-</u>	<u>1,988,679</u>	<u>2,043,371</u>	<u>7,598</u>

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The accompanying notes are an integral part of this schedule.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-through Grantor/ Program Title	Federal ALN Number	Pass- through Grantor's Number	Approved Grant Award Amount	Accrued (unearned) Revenue 7/1/2021	(Memo Only) Prior Year Expenditures	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued (unearned) Revenue 6/30/2022
<u>U.S. Department of Education</u>									
Passed through Michigan Department of Education									
Title I Grants to Local Educational Agencies	84.010	211530-2021	\$ 442,758	\$ 110,020	\$ 336,943	\$ -	\$ -	\$ 110,020	\$ -
Title I Grants to Local Educational Agencies		221530-2122	494,869	-	-	-	466,965	328,743	138,222
Total ALN 84.010			937,627	110,020	336,943	-	466,965	438,763	138,222
English Language Acquisition State Grants	84.365	210580-2021	48,901	11,157	41,871	-	-	11,157	-
English Language Acquisition State Grants		220580-2122	45,552	-	-	-	42,774	41,214	1,560
Total ALN 84.365			94,453	11,157	41,871	-	42,774	52,371	1,560
Supporting Effective Instruction State Grants	84.367	210520-2021	133,081	30,315	132,227	-	-	30,315	-
Supporting Effective Instruction State Grants		220520-2122	79,829	-	-	-	73,714	52,017	21,697
Total ALN 84.367			212,910	30,315	132,227	-	73,714	82,332	21,697
Student Support and Academic Enrichment	84.424	210750-2021	45,204	14,780	45,204	-	-	14,780	-
Student Support and Academic Enrichment		220750-2122	28,608	-	-	-	28,608	20,349	8,259
Total ALN 84.424			73,812	14,780	45,204	-	28,608	35,129	8,259
Education Stabilization Fund									
COVID-19 Governor's Emergency Education Relief Fund (GEER II)	84.425C	21202-2122	82,000	-	-	-	82,000	82,000	-
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER I Formula Funds)	84.425D	203710-1920	335,043	2,793	334,878	-	-	2,793	-
Emergency Relief Fund (ESSER II Formula Funds)		213712-2021	1,236,505	-	-	-	1,236,505	1,118,333	118,172
Emergency Relief Fund (ESSER II Summer Programming)		213722-2122	474,100	-	-	-	474,100	474,100	-
Emergency Relief Fund (ESSER II Credit Recovery)		213742-2122	58,300	-	-	-	58,300	58,300	-
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER III)	84.425U	213713-2122	2,778,990	-	-	-	903,124	481,122	422,002
Emergency Relief Fund (Section 11t)		213723-2122	1,256,902	-	-	-	550,185	-	550,185
Total ALN 84.425			6,221,840	2,793	334,878	-	3,304,214	2,216,648	1,090,359
Total passed through Michigan Department of Education			7,540,642	169,065	891,123	-	3,916,275	2,825,243	1,260,097

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The accompanying notes are an integral part of this schedule.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-through Grantor/ Program Title	Federal ALN Number	Pass- through Grantor's Number	Approved Grant Award Amount	Accrued (unearned) Revenue 7/1/2021	(Memo Only) Prior Year Expenditures	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued (unearned) Revenue 6/30/2022
<u>U.S. Department of Education</u>									
Passed through Ingham County Intermediate School District									
Special Education Cluster									
Special Education Flowthrough Grants	84.027	200450-1920	\$ 21,241	\$ 21,241	\$ 21,241	\$ -	\$ -	\$ 21,241	\$ -
Special Education Flowthrough Grants		210450-2021	2,323	-	-	-	2,323	-	2,323
Total ALN 84.027			23,564	21,241	21,241	-	2,323	21,241	2,323
Special Education Preschool Grants	84.173	210460-2021	28,510	28,510	28,510	-	-	28,510	-
Special Education Preschool Grants		220460-2122	28,961	-	-	-	28,961	-	28,961
Total ALN 84.173			57,471	28,510	28,510	-	28,961	28,510	28,961
Total Special Education Cluster			81,035	49,751	49,751	-	31,284	49,751	31,284
Total U.S. Department of Education			7,621,677	218,816	940,874	-	3,947,559	2,874,994	1,291,381
<u>U.S. Department of Health and Human Services</u>									
Passed through Ingham Intermediate School District									
Medicaid Cluster									
Medical Assistance Program	93.778	N/A	29,465	-	-	-	29,465	29,465	-
COVID - 19 Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	N/A	110,389	-	-	-	110,389	59,435	50,954
Total U.S. Department of Health and Human Services			139,854	-	-	-	139,854	88,900	50,954
<u>U.S. Department of Transportation</u>									
Passed through Michigan Fitness Foundation									
Highway Research and Development Program	20.200	N/A	49,553	6,425	-	-	20,080	20,372	6,133
TOTAL FEDERAL AWARDS			\$ 9,862,053	\$ 287,531	\$ 940,874	\$ -	\$ 6,096,172	\$ 5,027,637	\$ 1,356,066

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The accompanying notes are an integral part of this schedule.

SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the School District of the City of East Lansing under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District of the City of East Lansing it is not intended to and does not present the financial position or changes in net position of the School District of the City of East Lansing.

The District qualifies for low-risk auditee status. Management has utilized the Nexsys cash management system and the Grant Auditor Report in preparing the schedule of expenditures of federal awards. The District does not pass-through federal funds.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 - RECONCILIATION WITH AUDITED FINANCIAL STATEMENTS

Reconciliation of federal revenues reported on the financial statements with expenditures per the schedule of expenditures of federal awards:

General fund	\$ 4,110,556
Other nonmajor governmental funds	<u>1,985,616</u>
Total federal revenue in the fund financial statements	<u><u>\$ 6,096,172</u></u>



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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
School District of the City of East Lansing

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 School District of the City of East Lansing, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise School District of the City of East Lansing's basic financial statements, and have issued our report thereon dated September 15, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered School District of the City of East Lansing'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 School District of the City of East Lansing's internal control. Accordingly, we do not express an opinion on the effectiveness of School District of the City of East Lansing'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 School District of the City of East Lansing's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Maney Costeiman PC

September 15, 2022



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

To the Board of Education of the
School District of the City of East Lansing

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited School District of the City of East Lansing's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of School District of the City of East Lansing's major federal programs for the year ended June 30, 2022. School District of the City of East Lansing's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, School District of the City of East Lansing complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Manes Costeiron PC

September 15, 2022

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section I - Summary of Auditor's Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified ? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weakness(es) ? _____ Yes X None reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified: _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weakness(es) ? _____ Yes X None reported

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

Unmodified

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

_____ Yes X No

Identification of major programs:

ALN Number(s)	Name of Federal Program or Cluster
84.425	Education Stabilization Fund

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

\$ 750,000

Auditee qualified as low-risk auditee?

 X Yes _____ No

Section II - Financial Statement Findings

None noted

Section III - Federal Award Findings and Question Costs

None noted

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2022**

There were no prior year audit findings disclosed.



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September 15, 2022

To the Board of Education of the
School District of the City of East Lansing

In planning and performing our audit of the financial statements of the School District of the City of East Lansing as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the School District of the City of East Lansing's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, during our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated September 15, 2022 on the financial statements of the School District of the City of East Lansing. We will review the status of this comment during our next audit engagement. Our comment and recommendations, which has been discussed with appropriate members of management, is intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss this comment in further detail at your convenience, perform any additional study of this matter, or assist you in implementing the recommendation. Our comment is summarized as follows:

CURRENT YEAR COMMENTS

Food Service Fund Balance

Per Michigan Department of Education (MDE) guidelines, school food authorities (SFA) must operate food services on a nonprofit basis. We noted that the food service fund balance exceeded the three months' operating expenditures allowed. MDE requires that the SFA spend down the excess by the end of the next school year. We recommend that East Lansing Public Schools develop a plan to spend down the excess by June 30, 2023.

This report is intended solely for the information and use of management, and others within the District, and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate the cooperation we received from your staff during our engagement and the opportunity to be of service.

Very truly yours,

Maner Costerisan PC



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September 15, 2022

To the Board of Education of the
School District of the City of East Lansing

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of the City of East Lansing for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 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. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the School District of the City of East Lansing are described in Note 1 to the financial statements. During the 2022 fiscal year, the District implemented Governmental Accounting Standard No. 87, *Leases*. The application of existing policies was not changed during fiscal year 2022. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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:

Estimates have been used to calculate the net pension liability and the net other postemployment benefit liability. We evaluated the key factors and assumptions used to develop the balance of the net pension liability and net other postemployment benefit liability in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate in calculating the liability for employee compensated absences. We evaluated the key factors and assumptions used to develop the balance of employee compensated absences in determining that it is reasonable in relation to the financial statements taken as a whole.

Management’s determination of the estimated life span of the capital assets. We evaluated the key factors and assumptions used by management to develop the estimated life span of the capital assets in determining that it is reasonable in relation to the financial statements taken as a whole. In addition, certain amounts included in capital assets have been estimated based on an outside appraisal company.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We did not identify any sensitive disclosures.

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 misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

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 September 15, 2022.

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 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 the 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) which are required and supplement 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 the other supplementary information, which accompany the financial statements but are not RSI. With respect to this other 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 other 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 Board of Education and management of School District of the City of East Lansing and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Maney Costeiran PC

Series 3000: Operation, Finance, and Property

3100 General Operations

3118 Title IX Sexual Harassment

Consistent with Policy 3115, the District prohibits unlawful sex discrimination, including harassment and retaliation, in any of its education programs or activities in accordance with Title IX of the Education Amendments of 1972 and corresponding implementing regulations.

This Policy addresses allegations of sexual harassment under Title IX. Allegations of other forms of sex discrimination should be addressed under the District's non-discrimination or anti-harassment policies (Operations Policy 3115, Employee Policies 4101, 4102, 4104 for, or Student Policy 5202). Allegations alleging both Title IX sexual harassment and other forms of unlawful discrimination and harassment (e.g., race, age, disability) that cannot be reasonably separated into two distinct complaints should be investigated under this Policy. Investigating other forms of discrimination, including harassment, through this Policy, will fulfill the District's investigation requirements under Policies 4104 or 5202, but nothing in this paragraph limits the District's right to determine at any time during the Grievance Process that a non-Title IX complaint allegation should be addressed under Policies 4104 or 5202 or any other applicable Policy.

The Board directs the Superintendent or designee to designate persons to serve as Title IX Coordinator, Investigator, Decision-Maker, and Appeals Officer. If a Formal Complaint is made under this Policy against the Superintendent, the Board President will designate the persons who will serve as the Investigator, Decision-Maker, and Appeals Officer and will work with the Title IX Coordinator to ensure that all other requirements of this Policy are met. If a Formal Complaint is made against the Board President, the Board Vice President will designate who will serve as the Investigator, Decision-Maker, and Appeals Officer.

The Investigator, Decision-Maker, and Appeals Officer cannot be the same person on a specific matter, and the persons designated to serve in those roles may or may not be District employees.

Inquiries about Title IX's application to a particular situation may be referred to the Title IX Coordinator, the Assistant Secretary for Civil Rights of the United States Department of Education, or both.

A. Definitions

For purposes of this Policy, the below terms are defined as follows:

1. “Sexual Harassment” means conduct on the basis of sex that satisfies one or more of the following:
 - a. A District employee conditioning the provision of a District aid, benefit, or service on a person’s participation in unwelcome sexual conduct;
 - b. Unwelcome conduct that a reasonable person would determine to be so severe, pervasive, and objectively offensive that it effectively denies a person equal access to the District’s education program or activity; or
 - c. Sexual assault, dating violence, domestic violence, or stalking, as defined by the Violence Against Women Act, 34 USC § 12291 et. seq., and the uniform crime reporting system of the Federal Bureau of Investigation, 20 USC 1092(f)(6)(A)(v).
 - i. “Sexual assault” means an offense classified as a forcible or nonforcible sex offense under the uniform crime reporting system of the Federal Bureau of Investigation.
 - ii. “Dating violence” means violence committed by a person who is or has been in a romantic or intimate relationship with the Complainant. The existence of such a relationship is based on a consideration of the length of the relationship, the type of relationship, and the frequency of interaction between the persons involved in the relationship.
 - iii. “Domestic violence” means felony or misdemeanor crimes of violence committed by a current or former spouse or intimate partner of the Complainant, person with whom the Complainant shares a child, person who is cohabitating with or has cohabitated with the Complainant as a spouse or intimate partner, person similarly situated to a spouse of the Complainant under the domestic or family violence laws of Michigan; or any other person against an adult or youth Complainant who is protected from that person’s acts under the domestic or family violence laws of Michigan.
 - iv. “Stalking” means engaging in a course of conduct directed at a specific person that would cause a reasonable person to (1) fear for the person’s safety or the safety of others; or (2) suffer substantial emotional distress.
2. “Actual Knowledge” means notice of sexual harassment or allegations of sexual harassment to the District’s Title IX Coordinator or any District employee. Imputation of knowledge based solely on vicarious liability or constructive notice is insufficient to constitute actual knowledge. This

standard is not met when the only District employee with actual knowledge is the Respondent.

3. “Appeals Officer” is the person designated by the District to handle appeals of a dismissal or determination of responsibility for matters investigated under this Policy. The Appeals Officer may not be the same person as the Investigator, Title IX Coordinator, or Decision-Maker on a specific matter.
4. “Complainant” is a person who is alleged to be the victim of conduct that could constitute Title IX sexual harassment.
5. “Consent” means a voluntary agreement to engage in sexual activity by a person legally capable of consenting. Someone who is incapacitated cannot consent. Past consent does not imply future consent. Silence or an absence of resistance does not imply consent. Consent to engage in sexual activity with one person does not imply consent to engage in sexual activity with another. Consent can be withdrawn at any time. Coercion, force, or threat of either invalidates consent. Sexual conduct or relationships between District employees, volunteers, or contractors and students, regardless of age or consent, are prohibited.
6. “Day,” unless otherwise indicated, means a day that the District’s central office is open for business.
7. “Decision-Maker” is the person designated by the District to review the investigation report and provide a written determination of responsibility that provides the evidentiary basis for the Decision-Maker’s conclusions. The Decision-Maker may not be the same person as the Investigator, Title IX Coordinator, or Appeals Officer on a specific matter.
8. “Education Program or Activity” means any location, event, or circumstance over which the District exhibits substantial control over both the Respondent and the context in which the harassment occurred.
9. “Formal Complaint” means a written document or electronic submission signed and filed by a Complainant or signed by the Title IX Coordinator alleging sexual harassment against a Respondent and requesting that the District investigate the sexual harassment allegation.
10. “Grievance Process” is the process by which the District handles Formal Complaints.
11. “Investigator” is the person designated by the District to investigate a Title IX Formal Complaint or report. The Investigator cannot be the same person as the Decision-Maker or Appeals Officer on a specific matter. The Title IX

Coordinator may serve as the Investigator on a particular investigation, unless the Title IX Coordinator signed the Formal Complaint.

12. "Report" means an account of Title IX sexual harassment made by any person (regardless of whether the reporting party is the alleged victim).
13. "Respondent" is a person who has been reported to be the perpetrator of conduct that could constitute Title IX sexual harassment.
14. "Supportive Measures" are non-disciplinary, non-punitive, individualized services offered and implemented by the Title IX Coordinator as appropriate, as reasonably available, and at no-cost to the Complainant and the Respondent before or after the filing of a Formal Complaint or when no Formal Complaint has been filed. Supportive measures are designed to restore or preserve equal access to the District's education program or activity without unreasonably burdening the other party, including measures designed to protect the safety of all parties or the District's educational environment, or deter sexual harassment.
15. "Title IX Coordinator" is the person(s) designated by the District to coordinate the District's Title IX compliance. The Title IX Coordinator may not be the same person as the Appeals Officer or Decision-Maker on a specific matter. A person not serving as a Title IX Coordinator in a particular investigation is not disqualified from serving in another role in that investigation. The Title IX Coordinator may also serve as the Investigator on a particular investigation, unless the Title IX Coordinator signed the Formal Complaint.

B. Posting Requirement

The Title IX Coordinator's contact information (name or title, office address, electronic mail address, and telephone number), along with the District's Title IX nondiscrimination statement must be prominently posted on the District's website and in any catalogs or handbooks provided to applicants for admission or employment, students, parents/guardians, and unions or professional organizations with a collective bargaining or professional agreement with the District.

The District will provide notice of this Policy to all applicants, students, parents/guardians, employees, and unions or professional organizations with a collective bargaining or professional agreement with the District by prominently posting this Policy on its website and referencing this Policy in its handbooks, which will include the Title IX Coordinator's name or title, office address, electronic mail address, and telephone number.

C. Designation of Title IX Coordinator

The District designates the following person(s) as the Title IX Coordinator(s):

Rulesha Glover-Payne, Chief Human Resources Officer
501 Burcham Dr, East Lansing MI 48823
517-333-7413
rulesha.glover@elps.us

D. Reporting Title IX Sexual Harassment:

Any person who witnesses an act of sexual harassment is encouraged to report it to a District employee. No person will be retaliated against based on any report of suspected sexual harassment or retaliation.

A person may also anonymously report an incident of sexual harassment or retaliation. The District will investigate anonymous reports pursuant to its investigation procedures described below.

A person who has been the subject of sexual harassment or retaliation may report that behavior to the Title IX Coordinator or any District employee. Any District employee who receives a report of sexual harassment or has actual knowledge of sexual harassment must convey that information to the Title IX Coordinator by the end of the next day.

A person may make a report at any time, including non-business hours. Reports may be filed in person, by mail, by telephone, or by electronic mail, using the contact information listed for the Title IX Coordinator, or by any other means that result in the Title IX Coordinator receiving the person's verbal or written report.

E. General Response to Sexual Harassment

1. Actual Knowledge without Formal Complaint Being Filed

Upon actual knowledge of Title IX sexual harassment, the Title IX Coordinator must respond promptly in a manner that is not deliberately indifferent. The District will be deemed to be deliberately indifferent only if its response to sexual harassment is clearly unreasonable in light of the known circumstances.

The Title IX Coordinator must promptly contact the Complainant to discuss the availability of supportive measures, consider the Complainant's wishes with respect to supportive measures, inform the Complainant of the availability of supportive measures with or without the filing of a Formal Complaint, and explain to the Complainant the process for filing a Formal Complaint.

If the Complainant does not file a Formal Complaint or if another person informs the Title IX Coordinator of an allegation of sexual harassment, the

Title IX Coordinator must evaluate the information and determine whether to sign and submit a Formal Complaint. If the Title IX Coordinator determines not to sign and submit a Formal Complaint, the Title IX Coordinator must address the allegations in a manner that is not deliberately indifferent.

2. Formal Complaint Filed

Upon the receipt of a Formal Complaint, the District must follow the Grievance Process in Section F of this Policy. A Formal Complaint may be submitted using the Title IX Sexual Harassment Formal Complaint Form.

3. Equitable Treatment

The District will treat the Complainant and Respondent equitably throughout the Grievance Process. This may include offering supportive measures as described in Subsection E(5) of this Policy.

4. Documentation and Recordkeeping

The Title IX Coordinator will document all sexual harassment reports, as well as any incidents of sexual harassment that the Title IX Coordinator personally observes.

The District will retain this documentation in accordance with applicable record retention requirements in Section P of this Policy.

5. Supportive Measures

The Title IX Coordinator must promptly contact the Complainant to discuss the availability of supportive measures, with or without the filing of a Formal Complaint. If the District does not provide a Complainant with supportive measures, then the Title IX Coordinator must document the reasons why such a response was not clearly unreasonable in light of the known circumstances. The documentation of certain bases or measures does not limit the District in the future from providing additional explanations or taking or describing additional supportive measures.

The District may provide, as appropriate, non-disciplinary, non-punitive individualized services to the Complainant or Respondent before or after the filing of a Formal Complaint or when no Formal Complaint has been filed.

Supportive measures should be designed to restore or preserve equal access to the District's education program or activity without unreasonably burdening the other party.

Supportive measures are offered without charge to all parties and are designed to protect the safety of all parties or the District's educational environment, or deter sexual harassment.

Supportive measures may include, but are not limited to:

- a. District-provided counseling;
- b. Course-related adjustments, such as deadline extensions;
- c. Modifications to class or work schedules;
- d. Provision of an escort to ensure that the Complainant and Respondent can safely attend classes and school activities; and
- e. No-contact orders.

All supportive measures must be kept confidential, to the extent that maintaining such confidentiality would not impair the District's ability to provide the supportive measures.

6. Respondent Removal

a. Emergency Removal (Student)

The District may only remove a student Respondent from a District program or activity if, following an individualized safety and risk analysis, the District determines that there is an immediate threat to the physical health or safety of any student or other person arising from the sexual harassment allegations. The District must provide the Respondent with notice and an opportunity to immediately challenge the removal decision. This provision may not be construed to modify any rights under the Individuals with Disabilities Education Act, Section 504 of the Rehabilitation Act of 1973, or the Americans with Disabilities Act.

b. Administrative Leave (Employee)

The District may place an employee Respondent on administrative leave during the pendency of the Grievance Process. This provision may not be construed to modify any rights under Section 504 of the Rehabilitation Act of 1973 or the Americans with Disabilities Act.

2. Law Enforcement

In appropriate circumstances, the Title IX Coordinator will notify law enforcement or Child Protective Services, consistent with Policies 4202, 5201, and 5701.

The District will attempt to comply with all law enforcement requests for cooperation with related law enforcement activity. In some circumstances, compliance with law enforcement requests may require the District to briefly suspend or delay its investigation. If an investigation is delayed, the District will follow the procedures described in Subsection F(1) of this Policy to notify the parties, in writing, of the delay.

The District will promptly resume its investigation as soon as it is notified by the law enforcement agency that the law enforcement agency has completed its evidence gathering process. This delay should not exceed 10 days.

If the District's investigation is suspended or delayed, supportive measures will continue during the suspension or delay. If the law enforcement agency does not notify the District within 10 days that the District's investigation may resume, the District will notify the law enforcement agency that the District intends to promptly resume its investigation.

B. Grievance Process

1. Generally

The Grievance Process begins when a Formal Complaint is filed or when the Title IX Coordinator signs a Formal Complaint. The District will endeavor to complete the Grievance Process within 45-60 days, absent extenuating circumstances or delays as described below. The District will treat both the Complainant and the Respondent equitably throughout the Grievance Process.

Neither the Title IX Coordinator, the Decision-Maker, the Investigator, nor any person designated to facilitate an informal resolution process will have a conflict of interest or bias for or against Complainants or Respondents generally or for or against an individual Complainant or Respondent.

The Grievance Process requires an objective evaluation of all relevant evidence – including both inculpatory and exculpatory evidence. Credibility determinations may not be based on a person's status as a Complainant, Respondent, or witness.

Throughout the Grievance Process, there is a presumption that the Respondent is not responsible for the alleged conduct unless, in the determination of responsibility at the conclusion of the Grievance Process, the Decision-Maker finds the Respondent responsible for the alleged conduct.

At any point during the process, the Title IX Coordinator, Investigator, or Decision-Maker may temporarily delay the Grievance Process or permit a limited extension of time frames for good cause. Good cause may include

absence of a party, party's advisor, or witness; concurrent law enforcement activity; or the need for accommodations (e.g., language assistance or accommodation of disabilities). If there is a delay or extension, the parties will receive written notice of the delay or extension and the reasons for the action.

Any disciplinary action resulting from the Grievance Process will be issued in accordance with Policies 4309, 4407, 4506, 4606, or 5206, as applicable, and any applicable codes of conduct, handbooks, collective bargaining agreements, and individual employee contracts.

After the investigation portion of the Grievance Process has concluded, the Decision-Maker will endeavor to issue determinations of responsibility within 10 days, absent extenuating circumstances.

2. Notice of Allegations

Upon receipt of a Formal Complaint, the District must provide written notice to the parties who are known at the time that includes:

- a. A copy of this Policy, which includes the District's Grievance Process, and any informal resolution process;
- b. The sexual harassment allegations, including sufficient details known at the time and with sufficient time so that parties may prepare a response before the initial interview. Sufficient details include parties involved in the incident, if known, the alleged conduct constituting sexual harassment, and the date and time of the alleged incident;
- c. A statement that the Respondent is presumed not responsible for the alleged conduct;
- d. A statement that a determination of responsibility is made at the Grievance Process's conclusion;
- e. A statement that the parties may have an advisor of their choice, who may be an attorney, although any attorney or advisor who is not a District employee will be at the party's own cost;
- f. A statement that the parties will be provided an opportunity to inspect and review any evidence before the investigation report is finalized; and
- g. If the Complainant or Respondent is a student, and the District's Student Code of Conduct addresses false statements by students during the disciplinary process, a citation to that portion of the Code of Conduct. If the Code of Conduct does not address false statements by students, the notice is not required to include any reference.

If, during the course of an investigation, the Investigator decides to investigate allegations that are not included in this notice, the District will provide notice of the additional allegations to the Complainant and Respondent.

3. Investigation

The District has the burden of proof and the burden to gather evidence sufficient to reach a determination of responsibility.

The District will not require, allow, rely upon, or otherwise use questions or evidence that constitute, or seek disclosure of, information protected under a legally recognized privilege unless the person holding such privilege has waived the privilege in writing.

The District may not access, consider, disclose, or otherwise use a party's medical records, including mental health records, which are made and maintained by a healthcare provider in connection with the party's treatment unless the District obtains that party's voluntary, written consent to do so for the Grievance Process.

The Investigator must provide an equal opportunity for the parties to present witnesses, including fact and expert witnesses, and other inculpatory or exculpatory evidence. The Investigator cannot restrict parties from discussing the allegations under investigation, nor can the Investigator restrict parties from gathering or presenting relevant evidence.

Parties may be accompanied by an advisor of their choice, including an attorney, in any meeting or Grievance Process proceeding. If a party chooses an advisor who is not a District employee, it will be at that party's own cost. The Superintendent or designee may establish restrictions regarding the extent to which the advisor may participate in the proceedings, as long as the restrictions apply equally to both parties (e.g., abusive, disruptive behavior or language will not be tolerated; advisor will not interrupt the investigator to ask questions of witnesses).

The Investigator must provide the date, time, location, participants, and purpose of all hearings (if any), investigative interviews, and meetings, to a party whose participation is invited or expected. Written notice must be provided a sufficient time in advance so that a party may prepare to participate.

As described in Section N of this Policy, retaliation against a person for making a complaint or participating in an investigation is prohibited.

The Investigator must ensure that the Complainant and Respondent have an equal opportunity to inspect and review any evidence obtained as part of the

investigation so that each party has the opportunity to meaningfully respond to the evidence before the investigation's conclusion. This evidence includes (1) evidence upon which the District does not intend to rely in reaching a determination regarding responsibility and (2) inculpatory or exculpatory evidence obtained from any source.

Before the investigation's completion, the Investigator must send to each party and the party's advisor, if any, the evidence subject to inspection and review in an electronic format or a hard copy, and the parties must have at least 10 calendar days to submit a written response to the Investigator. The party's response must be considered by the Investigator before completing the final investigation report.

4. Investigation Report

The Investigator must create an investigation report that fairly summarizes relevant evidence and submit the investigation report to the Decision-Maker.

At least 10 calendar days before a determination of responsibility is issued, the Investigator must send the investigation report to each party for review and written response. Written responses to the investigation report must be submitted directly to the Decision-Maker.

5. Determination of Responsibility

The Decision-Maker cannot be the same person as the Title IX Coordinator, Investigator, or Appeals Officer.

Before the Decision-Maker reaches a determination of responsibility, and after the Investigator has sent the investigation report to the parties, the Decision-Maker must:

- a. Afford each party the opportunity to submit written, relevant questions that a party wants asked of any party or witness; and
- b. Provide each party with the answers, and allow for additional, limited follow-up questions from each party.

Questions and evidence about the Complainant's sexual predisposition or prior sexual behavior are not relevant unless offered to prove that someone other than the Respondent committed the alleged misconduct, or the questions and evidence concern specific incidents of the Complainant's prior sexual behavior with respect to the Respondent and are offered to prove consent.

If the Decision-Maker decides to exclude questions from either party as not relevant, the Decision-Maker must explain the decision to the party proposing the questions.

The Decision-Maker must issue a written determination of responsibility based on a preponderance of the evidence standard (i.e., more likely than not) simultaneously to both parties. The written determination of responsibility must include:

- a. Identification of the sexual harassment allegations;
- b. Description of the procedural steps taken from the receipt of the Formal Complaint through the determination of responsibility, including any:
 - i. Notification to the parties;
 - ii. Party and witness interviews;
 - iii. Site visits;
 - iv. Methods used to collect evidence; and
 - v. Hearings held.
- c. Factual findings that support the determination;
- d. Conclusions about the application of any relevant code of conduct, policy, law, or rule to the facts;
- e. A statement of, and rationale for, the result as to each allegation, including:
 - i. A determination of responsibility;
 - ii. Any disciplinary action taken against the Respondent (consistent with Policies 4309, 4407, 4506, 4606, or 5206, as applicable, and any applicable codes of conduct, handbooks, collective bargaining agreements, or individual employee contracts); and
 - iii. Whether remedies designed to restore and preserve equal access to the District's education program or activity will be provided to the Complainant.
- f. Appeal rights

See Section G of this Policy for appeal rights and procedures.

The determination of responsibility is final upon the date the parties receive the Appeals Officer's written decision or on the date on which an appeal is no longer timely.

B. Appeals

Notice of the determination of responsibility or dismissal decision must include notice of the parties' appeal rights.

Both parties may appeal a determination of responsibility or the decision to dismiss a Formal Complaint in whole or in part for the following reasons only:

1. A procedural irregularity that affected the outcome.
2. New evidence that was not reasonably available at the time the determination of responsibility or dismissal decision was made that could affect the outcome.
3. The Title IX coordinator, Investigator, or Decision-Maker had a conflict of interest or bias for or against the Complainant or Respondent, generally or individually, that affected the outcome.

An appeal must be filed with the Decision-Maker or Title IX Coordinator within 5 days of the date of the determination of responsibility or dismissal decision.

Upon receipt of an appeal, the Appeals Officer will provide both parties written notice of the appeal and an equal opportunity to submit a written statement in support of, or challenging, the determination or dismissal decision.

The Appeals Officer must provide a written decision describing the result of the appeal and the rationale for the result to both parties simultaneously. Appeals based on procedural irregularity, conflict of interest, or bias must be decided within 10 days. Appeals based on new evidence must be decided within 30 days.

The Appeals Officer cannot be the same person who acts as the Title IX Coordinator, Investigator, or Decision-Maker on the same matter. The Appeals Officer also cannot have a conflict of interest or bias against Complainants and Respondents generally or individually.

C. Informal Resolution

During the Grievance Process, *after* a Formal Complaint has been filed but *before* a determination of responsibility has been made, the District may offer to facilitate an informal resolution process. A Formal Complaint must be filed to initiate the informal resolution process.

Informal resolution does not require a full investigation and may encompass a broad range of conflict resolution strategies, including, but not limited to, arbitration, mediation, or restorative justice.

Informal resolution is not available for a Formal Complaint alleging that an employee sexually harassed a student.

A party is not required to participate in an informal resolution process.

When offering informal resolution, the Title IX Coordinator or Investigator must (1) provide both parties written notice of their rights in an informal resolution and (2) obtain written, voluntary consent from both parties to enter into the informal resolution process. The written notice must contain the:

1. Allegations;
2. Informal resolution requirements, including the circumstances under which the informal resolution precludes the parties from resuming a Formal Complaint arising from the same allegations;
3. Right to withdraw from informal resolution and resume the Grievance Process at any time prior to agreeing to a resolution; and
4. Any consequences resulting from participating in the informal resolution process, including the records that will be maintained or could be shared.

D. Dismissal

1. Mandatory Dismissals

The Title IX Coordinator *must* dismiss a Formal Complaint if:

- a. The Formal Complaint's allegations, even if proven, would not constitute sexual harassment as defined in this Policy;
- b. The Formal Complaint's allegations did not occur in the District's programs or activities; or
- c. The Formal Complaint's allegations did not occur in the United States.

2. Discretionary Dismissals

The Title IX Coordinator or Investigator *may* dismiss a Formal Complaint if:

- a. The Complainant notifies the Title IX Coordinator in writing that the Complainant wishes to withdraw the Formal Complaint in whole or in part;
- b. The Respondent's enrollment or employment ends; or

- c. Specific circumstances prevent the District from gathering evidence sufficient to reach a determination (e.g., several years have passed between alleged misconduct and Formal Complaint filing, Complainant refuses or ceases to cooperate with Grievance Process).

The Title IX Coordinator or Investigator will promptly and simultaneously notify both parties when a Formal Complaint is dismissed. The notice must include the reasons for mandatory or discretionary dismissal and the right to appeal. Appeal rights are discussed above in Section G of this Policy.

Dismissal of a Formal Complaint under this Policy does not excuse or preclude the District from investigating alleged violations of other policy, rule, or law, or from issuing appropriate discipline based on the results of the investigation.

E. Consolidation of Complaints

The Title IX Coordinator or Investigator may consolidate Formal Complaints where the allegations arise out of the same facts or circumstances. Where a Grievance Process involves more than one Complainant or more than one Respondent, references in this Policy to the singular “party,” “Complainant,” or “Respondent” include the plural, as applicable.

F. Remedies

The District will take appropriate and effective measures to promptly remedy the effects of sexual harassment. The Title IX Coordinator is responsible for the effective implementation of any remedies.

Appropriate remedies will be based on the circumstances and may include, but are not limited to:

1. Providing an escort to ensure that the Complainant and Respondent can safely attend classes and school activities;
2. Offering the parties school-based counseling services, as necessary;
3. Providing the parties with academic support services, such as tutoring, as necessary;
4. Rearranging course or work schedules, to the extent practicable, to minimize contact between the Complainant and Respondent;
5. Moving the Complainant’s or the Respondent’s locker or work space;
6. Issuing a “no contact” directive between the Complainant and Respondent;
7. Providing counseling memoranda with directives or recommendations;

8. Imposing discipline consistent with Policies 4309, 4407, 4506, 4606, or 5206, as applicable, and any applicable codes of conduct, handbooks, collective bargaining agreements, or individual employee contracts.

These remedies may also be available to any other student or person who is or was affected by sexual harassment.

After a determination of responsibility, the Title IX Coordinator should consider whether broader remedies are required, which may include, but are not limited to:

1. Assemblies reminding students and staff of their obligations under this Policy and applicable handbooks;
2. Additional staff training;
3. A climate survey; or
4. Letters to students, staff, and parents/guardians reminding them of their obligations under this Policy and applicable handbooks.

If the Complainant or Respondent is a student with a disability, the District will convene an IEP or Section 504 Team meeting to determine if additional or different programs, services, accommodations, or supports are required to ensure that the Complainant or Respondent continues to receive a free appropriate public education. Any disciplinary action taken against a Respondent who is a student with a disability must be made in accordance with the Individuals with Disabilities Education Act or Section 504 of the Rehabilitation Act.

A. False Statements

Any person who knowingly makes a materially false statement in bad faith in a Title IX investigation will be subject to discipline, up to and including discharge or permanent expulsion. A dismissal or determination that the Respondent did not violate this Policy is not sufficient, on its own, to conclude that a person made a materially false statement in bad faith.

B. Confidentiality

The District will keep confidential the identity of a person who reports sexual harassment or files a Formal Complaint, including parties and witnesses, except as permitted or required by law or to carry out any provision of this Policy, applicable regulations, or laws.

C. Retaliation

Retaliation (e.g., intimidation, threats, coercion) for the purpose of interfering with a person's rights under Title IX is prohibited. This prohibition applies to retaliation against any person who makes a report, files a Formal Complaint, or participates in, or refuses to participate in a Title IX proceeding. Complaints alleging retaliation may be pursued in accordance with Policies 4104 and 5202.

The exercise of rights protected under the First Amendment does not constitute retaliation prohibited by this Section.

When processing a report or Formal Complaint of sexual harassment, pursuing discipline for other conduct arising out of the same facts or circumstances constitutes retaliation if done for the purpose of interfering with that person's rights under Title IX.

Any person who engages in retaliation will be disciplined in accordance with Policies 4309, 4407, 4506, 4606, or 5206, as applicable, and any applicable codes of conduct, handbooks, collective bargaining agreements, and individual employee contracts.

D. Training

All District employees and Board members must be trained on how to identify and report sexual harassment.

Any person designated as a Title IX Coordinator, Investigator, Decision-Maker, Appeals Officer, or any person who facilitates an informal resolution process must be trained on the following:

1. The definition of sexual harassment;
2. The scope of the District's education programs or activities;
3. How to conduct an investigation and the District's grievance process, including, as applicable, hearings, appeals, and informal resolution processes; and
4. How to serve impartially, including avoiding prejudgment of the facts at issue, conflicts of interest, and bias.

Investigators must receive training on how to prepare an investigation report as outlined in Subsection F(4) above, including, but not limited to, issues of relevance.

Decision-Makers and Appeals Officers must receive training on issues of evidence and questioning, including when questions about a Complainant's prior sexual history or disposition are not relevant.

Any materials used to train District employees who act as Title IX Coordinators, Investigators, Decision-Makers, or who facilitate an informal resolution process must not rely on sex stereotypes and must promote impartial investigations and adjudications of Formal Complaints. These training materials will also be posted on the District's website.

E. Record Keeping

Records related to reports of alleged Title IX sexual harassment will be maintained by the District for a minimum of seven years. This retention requirement applies to investigation records, disciplinary sanctions, remedies, appeals, and records of any action taken, such as supportive measures.

The District will also retain any materials used to train Title IX Coordinators, Investigators, Decision-Makers, Appeals Officers, and any person designated to facilitate an informal resolution process.

F. Office for Civil Rights

Any person who believes that he or she was the victim of sexual harassment may file a complaint with the Office for Civil Rights (OCR) at any time:

U.S. Department of Education Office for Civil Rights
1350 Euclid Avenue, Suite 325
Cleveland, Ohio 44115
Phone: (216) 522-4970
E-mail: OCR.Cleveland@ed.gov

An OCR complaint may be filed before, during, or after filing a Formal Complaint with the District. A person may forego filing a Formal Complaint with the District and instead file a complaint directly with OCR. The District recommends that a person who has been subjected to sexual harassment also file a Formal Complaint with the District to ensure that the District is able to take steps to prevent any further harassment and to discipline the alleged perpetrator, if necessary. OCR does not serve as an appellate body for District decisions under this Policy. An investigation by OCR will occur separately from any District investigation.

Legal authority: Education Amendments Act of 1972, 20 USC §§1681 - 1688; 34 CFR Part 106

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