



# East Lansing Board of Education

509 Burcham Drive, East Lansing, MI 48823

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Regular Meeting  
September 27, 2021 - 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: Nurturing Each Child, Educating All Students, Building World Citizens*

D. *Approval of Agenda*

*The Board of Education approve the agenda of the September 27, 2021 regular meeting, as presented.*

E. *Approval of Minutes*

- *September 13, 2021*

*F. The Board of Education approve the September 13, 2021 regular meeting minutes, as presented.*

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### **II. Recognition**

### **III. Student Representative Report**

### **IV. Superintendent's Report**

### **V. Bond Update**

VI.

### **VII. Consent Agenda**

*The Board of Education approve the consent agenda to include the following item:*

- hiring of **Sara Smith**, 1.0 FTE District School Nurse at BA Step 5.5 level, effective October 4, 2021.

**VIII. 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.

### **IX. Presentation**

- *June 30, 2021 Audited Financial Statements by Dave Nielsen, Maner Costerisan*

### **X. Board Discussion**

### **XI. Action Items A. Audited Financial Statements for the Year Ended June 30, 9 2021**

XII. *The Board of Education accept the audited financial statements for the year ended June 30, 2021 as presented.*

**B. Creating a Respectful and Open Workplace for Natural Hair (CROWN) Act Resolution**

*The Board of Education adopt the CROWN Act Resolution, as presented.*

XIII.

**XIV. Committee Reports**

A. Academic and Technology Committee

B. Facilities Committee

C. Finance Committee

D. Intergovernmental Relations

E. Personnel Committee

F. Policy Committee

**XV. Announcements**

**XVI. Adjournment**

***Respectfully Submitted,***

***Dori Leyko  
Superintendent***

**I. Opening of Meeting**

*I.A. Call to Order*

Board President Terah Chambers called the meeting to order at 7:02 pm.

*I.B. Roll Call*

Dr. Terah Chambers:	Present
Dr. Kath Edsall:	Virtual
Ms. Monica Fink:	Present
Dr. Elizabeth Lyons:	Present
Mr. Chris Martin:	Present
Ms. Kate Powers:	Present
Ms. Debbie Walton:	Present
Ms. Dori Leyko	Present
Student Representatives:	
Elisabeth Beer	Absent
Anne McIlhagga	Present

Present: 9. Absent: 1. Virtual: 1

I, Kath Edsall, am attending this September 13, 2021 regular board meeting remotely, I am physically located in Ingham County, in East Lansing, MI. I am able to have two-way communication for the board meeting. Please record this public announcement in the meeting minutes.

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

*I.D. Approval of Agenda*

Motion 21-22/023: The Board of Education approve the agenda of the September 13, 2021 regular meeting, as presented.

This motion, made by Ms. Kate Powers 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*

- August 23, 2021 regular meeting minutes
- September 2, 2021 special meeting minutes

Motion 21-22/024: The Board of Education approve the minutes of the August 23, 2021 regular meeting and September 2, 2021 special meeting, as presented.

This motion, made by Ms. Debbie Walton and seconded by Ms. Monica Fink, 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

None

## III. Student Representative Report

Student Representative Anne McIlhagga reported:

- Student services are setting up college visits beginning on Wednesday. A lot of the visits will be held virtually.
- The class of 2022 has set up a Google classroom.
- Excel is back this year and is separated by classes - 9, 10, 11, and 12 - this is a great opportunity for community building and being able to hold the college visits.
- Sports game at full capacity; it is great to see full student sections and parent supporters.
- There will be a Homecoming but no assembly. Spirit week will be held and there will be a dance outside with masks and guests will be allowed.
- Free lunch and lack of pay to play allows an amazing opportunity for students to participate and get food if needed.

## IV. Superintendent's Report

### COVID Reporting Updates

As of this afternoon (9/13/21), ELPS is reporting the following COVID data for school-related cases:

School	Active cases (students and/or staff)	Number of individuals currently in quarantine as a result of school-related cases*	Cumulative cases for 2021-22
Donley Elementary	1	1	2
Glencairn Elementary	0	0	0
Marble Elementary	1	4	1
Red Cedar Elementary	0	0	2
Robert L. Green Elementary	0	0	0
Whitehills Elementary	0	0	2
MacDonald MS	1	3	1

East Lansing HS	3	2	3
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\*We began implementation last Tuesday of the *Test to Stay* program released as part of the Ingham County Health Departments September 2 Emergency Order regarding close contacts and quarantine. The *Test to Stay* program allows close contacts (within 3 ft. for 15+ minutes in a 24-hour period) who would have previously been required to quarantine for 10 days to be able to test back in to school on days 2, 3, 4, 5 and 7 of their quarantine through a rapid antigen test upon arrival to school.

**Dedication Event for Robert L. Green Elementary School**

In collaboration with the City of East Lansing and the Robert L. Green Commission, ELPS will be holding a dedication event on September 24 at 9:30 a.m. The program will feature comments from school leaders and include performances from Robert L. Green Elementary School students. The dedication event will conclude with a march to 207 Bessemaur Drive, where the City of East Lansing will dedicate the historical marker beginning at 11:00 a.m. More details to come!

**Building Listening Sessions**

Over the next four weeks, Assistant Superintendent Glenn Mitcham and I have scheduled listening sessions at each of our eight buildings. The purpose of these sessions is to offer our staff members the opportunity to share with us what’s going well or not so well, get questions answered, share ideas or suggestions, or just to provide us with their thoughts and feedback. We held our first listening session this morning at Whitehills Elementary School and have our next one scheduled for this Friday at Robert L. Green Elementary School.

Discussion followed.

**V. Bond Update**

No report.

**VI. Consent Agenda**

Motion 21-22/025: The Board of Education approve the consent agenda to include the following: the request for unpaid personal leave of absence for MacDonald Middle School teacher, **Anthony Gendreau** effective upon the hiring of a qualified teacher to fill his position but no later than October 4, 2021.

This motion, made by Ms. Monica Fink and seconded by Ms. Kate Powers, 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

**VII. 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.

- Norm Scott, ELEA President - Thank you for keeping our students safe, but still a challenging workplace for staff.
- Dr. Ashley Ahlin, 1773 Walnut Heights Dr - Kindergarten class sizes.

### VIII. Board Discussion

None

### IX. Action Items

#### A. District Wellness Leader

Motion 21-22/026: The Board of Education approve the contract of Lindsay Young, District Wellness Leader for FY 2021-22 as presented.

This motion, made by Ms. Kate Powers 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.

#### B. Food Service Equipment Bids

Motion 21-22/027: The Board of Education award the food service equipment bid to Stafford Smith in the amount of \$115,564.

This motion, made by Mr. Chris Martin 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

Discussion followed.

### X. Committee Reports

#### A. Academic and Technology Committee

- Next meeting September 20, 2021 at 2:00 p.m. in the HUB.
- There will be a lot on the agenda.

#### B. Facilities Committee

- Held a meeting today.
- Discussed future plans for renovations of the football field, tennis courts and auditorium. Will be looking at bids and most likely will not start until next summer.

C. Finance Committee

- Next meeting will be held September 20, 2021 at 3:00 p.m. in the Board room.
- Ms. Walton will be asking if the meeting can be moved to a later time as not to conflict with A & T meeting.

D. Intergovernmental Relations

- No report.

E. Personnel Committee

- No report.

F. Policy Committee

- Still working on the Policy Implementation and Racial Equity Policy.
- Will be meeting again and hope to have information to the board soon.

**XI. Announcements**

- September 17 at 5:15 p.m. - 9th annual ELEF Tailgate before the football game. Meal is being provided by Chartwells.
- September 24 Kiwanis will be holding their drive-thru chicken dinner at Patriarch Park.

Two great opportunities for dinner and football.

**XII. Adjournment**

The meeting was adjourned at 7:46 p.m.

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President

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Secretary



## MEMORANDUM

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**TO:** Board of Education

**FROM:** Dori Leyko  
*Superintendent of Schools*

**SUBJECT:** Human Resources Action Item

**DATE:** September 24, 2021

**Hire**

It is recommended that the Board approve the hiring of **Sara Smith**, 1.0 FTE District School Nurse at BA Step 5.5 level, effective October 4, 2021.



East Lansing  
Public Schools

## MEMORANDUM

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**TO:** ELPS Board of Education, Dori Leyko, Superintendent

**FROM:** Richard Pugh, Director of Finance

**SUBJECT:** Action Item – Audited Financial Statements for the Year Ended June 30, 2021

**DATE:** September 21, 2021

Recommendation:

It is recommended that the Board of Education accept the audited financial statements for the year ended June 30, 2021 as presented.

Background:

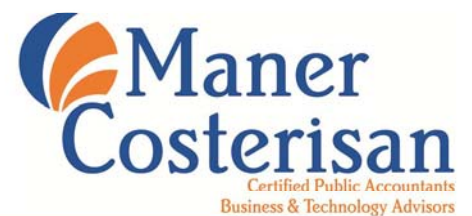
Districts are required to have an independent audit of its financial statements annually. Per Policy 3500, the audit is to be approved annually by the Board of Education. Upon Board acceptance, the audited financial statements will be posted to the District's website. Auditors from Maner Costerisan, CPAs reviewed the audited financial statements with the Finance Committee on September 20, 2021. Dave Nielsen from Maner will present the audited financial statement to the Board of Education on September 27, 2021.

The June 30, 2021 General Fund fund balance is \$12,321,595 (26.2% of total revenues and other financing sources) or an increase of \$5,413,243 from prior year. Fiscal year 2020-21 was unlike any other year in so many ways. Approximately \$3.2 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 \$1,131,118. Page 54 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, 2021**



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## INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of the City of East Lansing as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District of the City of East Lansing's basic financial statements as listed in the table of contents.

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of the City of East Lansing as of June 30, 2021, 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.

## ***Other Matters***

### *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, 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District of the City of East Lansing's basic financial statements. The 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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The additional supplementary 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 additional supplementary 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 financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional supplementary information is fairly stated, in all material respects, in relation to the 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 17, 2021 on our consideration of the 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 the School District of the City of East Lansing's internal control over financial reporting and compliance.

*Maney Costeiran PC*

September 17, 2021

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2021**



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, 2021. 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.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2021**



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.

**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, 2021**



**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, 2021 and June 30, 2020:

	2021	2020
<b>ASSETS</b>		
Current and other assets	\$ 36,490,702	\$ 52,319,590
Noncurrent assets	139,071,142	124,790,633
<b>TOTAL ASSETS</b>	175,561,844	177,110,223
<b>DEFERRED OUTFLOWS</b>		
Deferred charge on refunding	680,745	756,383
Related to other postemployment benefits	5,863,295	5,038,170
Related to pensions	16,251,099	19,680,343
<b>TOTAL DEFERRED OUTFLOWS</b>	22,795,139	25,474,896
<b>LIABILITIES</b>		
Current liabilities	9,426,414	10,659,475
Noncurrent liabilities	116,564,050	121,439,032
Net other postemployment benefits liability	11,616,267	15,315,292
Net pension liability	73,813,387	70,097,391
<b>TOTAL LIABILITIES</b>	211,420,118	217,511,190
<b>DEFERRED INFLOWS</b>		
Related to other postemployment benefits	9,143,931	6,556,747
Related to pensions	1,101,037	3,994,200
Related to state aid funding for pension	2,823,374	2,346,603
<b>TOTAL DEFERRED INFLOWS</b>	13,068,342	12,897,550
<b>NET POSITION</b>		
Net investment in capital assets	34,206,802	35,112,943
Restricted	3,430,006	2,510,512
Unrestricted	(63,768,285)	(65,447,076)
<b>TOTAL NET POSITION</b>	\$ (26,131,477)	\$ (27,823,621)

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2021**



**Analysis of Financial Position**

The District's net position as of June 30, 2021 totaled (\$26,131,477) which was an increase over the June 30, 2020 balance of \$1,692,144. 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, 2021, the following was recorded as depreciation expense:

	2021	2020
Land improvements	\$ 835,408	\$ 711,697
Building and improvements	3,573,764	3,059,803
Furniture and equipment	563,314	397,062
Vehicles	25,483	29,015
Total	\$ 4,997,969	\$ 4,197,577

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, 2021, \$20,257,684 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 \$14,280,509 for the fiscal year ended June 30, 2021.

**Long-Term Obligations**

The District's total general long-term debt for the fiscal year ended June 30, 2021 decreased by \$4,874,982.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2021**



**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, 2021 and June 30, 2020, the District-wide results of operation were:

	<u>2021</u>	<u>% of Total</u>	<u>2020</u>	<u>% of Total</u>
<b>General revenues</b>				
Property taxes, levied for general operations	\$ 10,223,949	17.8	\$ 9,612,772	18.1
Property taxes, levied for debt service	8,909,533	15.5	7,803,566	14.7
Property taxes, levied for sinking fund	1,221,644	2.1	1,200,290	2.3
Investment earnings	29,370	0.1	514,258	1.0
State sources	21,077,554	36.7	20,874,369	39.2
County special education allocation	4,396,837	7.7	4,022,477	7.6
Other	450,197	0.8	427,540	0.8
Total general revenues	46,309,084	80.7	44,455,272	83.7
<b>Program revenues</b>				
Charges for services	135,194	0.2	490,679	0.9
Operating grants and contributions	11,017,406	19.1	8,310,320	15.4
Total revenues	<u>\$ 57,461,684</u>	<u>100.0</u>	<u>\$ 53,256,271</u>	<u>100.0</u>
<b>Function/program expenses</b>				
Instruction	\$ 27,002,794	48.4	\$ 27,309,433	50.1
Support services	16,353,633	29.3	16,432,482	30.1
Community services	65,637	0.1	18,881	-
Food services	1,255,818	2.3	1,387,452	2.5
Student/school activities	104,659	0.1	308,530	0.6
Interest on long-term debt	5,009,824	9.0	4,281,691	7.9
Loss on disposal of capital assets	979,206	1.8	598,956	1.1
Unallocated depreciation	4,997,969	9.0	4,197,577	7.7
Total expenses	<u>\$ 55,769,540</u>	<u>100.0</u>	<u>\$ 54,535,002</u>	<u>100.0</u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2021**



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, 2021 was approximately \$28,000, 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
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
2016 - 2017	18.0000	5.2050	1.2860

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2021**



**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 State of Michigan implemented a “super blend” for fiscal year 2021 only which is calculated using the 90/10 blend for 2019-2020 multiplied by 0.75 plus the 90/10 blend for 2020-2021 multiplied by 0.25. The District’s per pupil allowance for fiscal year 2021 was \$8,529.

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
2020 - 2021	\$ 8,529	\$ -
2019 - 2020	8,529	120
2018 - 2019	8,409	120
2017 - 2018	8,289	60
2016 - 2017	8,229	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 \$8,529 the District receives for its resident pupils.

**3. Student Enrollment**

The District’s student enrollment figures have increased overall over the past several years. The following schedule summarizes the blended enrollment for each of the past five fiscal years:

Fiscal Year	Actual Blended Student FTE	FTE Change from Prior Year
2020 - 2021	3,692	1
2019 - 2020	3,691	102
2018 - 2019	3,589	(23)
2017 - 2018	3,612	8
2016 - 2017	3,604	(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, 2021 ended the District received \$3,050,522. This amount represents an increase of \$380,382 over the prior fiscal year.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2021**



**5. Expenditure Comparison By Function**

The following schedule provides a comparison of fund expenditures for fiscal years 2020 - 2021 and 2019 - 2020:

Function	2020 - 2021 Fiscal Year	%	2019 - 2020 Fiscal Year	%
Basic programs	\$ 19,579,825	47.2	\$ 19,653,905	48.2
Special education	4,080,996	9.8	3,826,167	9.4
Compensatory education	1,791,454	4.3	1,550,890	3.8
Total instruction	<u>25,452,275</u>	<u>61.3</u>	<u>25,030,962</u>	<u>61.4</u>
Pupil support services	3,222,288	7.8	3,173,621	7.8
Instructional staff support services	2,380,635	5.7	2,485,385	6.1
School administration	<u>2,770,590</u>	<u>6.7</u>	<u>2,376,753</u>	<u>5.8</u>
Total instructional support	<u>8,373,513</u>	<u>20.2</u>	<u>8,035,759</u>	<u>19.7</u>
General administration	440,697	1.1	424,420	1.0
Business office	598,169	1.4	616,291	1.5
Operations and maintenance	3,942,416	9.5	3,873,616	9.5
Pupil transportation	1,005,074	2.4	1,216,325	3.0
Central	934,255	2.2	903,774	2.2
Athletics	722,308	1.7	689,511	1.7
Community services	<u>65,637</u>	<u>0.2</u>	<u>18,881</u>	<u>-</u>
Total general fund	41,534,344	<u>100.0</u>	40,809,539	<u>100.0</u>
Food service fund	1,283,483		1,411,952	
Student/school activities	104,659		308,530	
Debt service funds	8,921,054		7,891,047	
Sinking funds	302,150		958,935	
2017 Capital projects fund	4,553,038		27,695,831	
2020 Capital projects fund	15,530,085		1,159,859	
2012 Capital projects fund	<u>391,844</u>		<u>19,157</u>	
Total	<u>\$ 72,620,657</u>		<u>\$ 80,254,850</u>	

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2021**



**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:

<u>Fiscal Year</u>	<u>Revenues and Other Financing Sources</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
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%
2016 - 2017	38,805,202	38,570,132	-0.61%
Five year average actual over (under) budget			-0.77%

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

<u>Fiscal Year</u>	<u>Expenditures and Other Financing Uses</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
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%
2016 - 2017	38,938,949	38,694,521	-0.63%
Five year average actual over (under) budget			-1.90%

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2021**



**Capital and Intangible Assets and Debt Administration**

**1. Capital Assets**

At June 30, 2021 the District had \$139,071,142 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 \$14,280,509 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:

	2021			2020
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	\$ 480,535	\$ -	\$ 480,535	\$ 480,535
Construction in progress	15,447,921	-	15,447,921	26,020,754
Land improvements	17,654,272	8,798,181	8,856,091	6,913,221
Building and additions	147,303,661	36,795,691	110,507,970	88,789,790
Furniture and equipment	8,330,368	4,647,568	3,682,800	2,465,025
Transportation equipment	305,520	209,695	95,825	121,308
Total	<u>\$ 189,522,277</u>	<u>\$ 50,451,135</u>	<u>\$ 139,071,142</u>	<u>\$ 124,790,633</u>

**2. Long-term Obligations**

At June 30, 2021 the District had \$115,677,689 in general obligation debt outstanding versus \$120,545,944 at June 30, 2020.

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.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2021**



**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 2021. The District is projecting an enrollment decrease of 53 students for fiscal year 2021-2022.
- **Foundation Allowance:** The State of Michigan passed a School Aid Fund budget that will increase the District's per pupil foundation allowance by \$171 per pupil for fiscal year 2021-2022.
- **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. The District anticipates to receive an additional \$3,087,848 in COVID-19 Elementary and Secondary School Emergency Relief Funds (ESSER 2 and ESSER 3).
- **Retirement Rate:** The Michigan Public School Employees Retirement system now has seven different rates for active employees and another seven rates for retirees and former qualified participants who return to work. The State retirement rate that is most applicable to District employees is 28.23%, effective October 1, 2021, 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 15.05% for fiscal year 2021-2022. 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, 2022.

**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, 2021**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 16,987,798
Receivables	
Accounts receivable	34,426
Taxes receivable	21,697
Intergovernmental	6,070,509
Inventories	100,617
Prepays	367,040
Restricted cash - capital projects	4,825,937
Restricted investments - capital projects	8,082,678
Capital assets not being depreciated	15,928,456
Capital assets, net of accumulated depreciation	123,142,686
<b>TOTAL ASSETS</b>	175,561,844
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charges on refunding	680,745
Related to other postemployment benefits	5,863,295
Related to pensions	16,251,099
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	22,795,139
<b>LIABILITIES</b>	
Accounts payable	3,323,353
Accrued salaries and related items	3,817,672
Accrued retirement	1,325,953
Accrued interest	793,358
Unearned revenue	154,361
Due to other governmental units	11,717
Noncurrent obligations	
Due within one year	4,044,720
Due in more than a year	112,519,330
Net other postemployment benefits liability	11,616,267
Net pension liability	73,813,387
<b>TOTAL LIABILITIES</b>	211,420,118
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Related to other postemployment benefits	9,143,931
Related to pensions	1,101,037
Related to state aid funding for pension	2,823,374
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	13,068,342
<b>NET POSITION</b>	
Net investment in capital assets	34,206,802
Restricted for capital projects (sinking fund)	3,430,006
Unrestricted	(63,768,285)
<b>TOTAL NET POSITION</b>	\$ (26,131,477)

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2021**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (expense) Revenue and Changes in Net Position</u>
Governmental activities				
Instruction	\$ 27,002,794	\$ -	\$ 7,841,218	\$ (19,161,576)
Support services	16,353,633	135,194	1,325,937	(14,892,502)
Community services	65,637	-	65,627	(10)
Food services	1,255,818	-	1,655,104	399,286
Student/school activities	104,659	-	129,520	24,861
Interest on long-term debt	5,009,824	-	-	(5,009,824)
Loss on disposal of capital assets	979,206	-	-	(979,206)
Unallocated depreciation	4,997,969	-	-	(4,997,969)
Total governmental activities	<u>\$ 55,769,540</u>	<u>\$ 135,194</u>	<u>\$ 11,017,406</u>	<u>(44,616,940)</u>
General revenues				
Property taxes, levied for general purposes				10,223,949
Property taxes, levied for debt service				8,909,533
Property taxes, levied for sinking fund				1,221,644
Investment earnings				29,370
State sources				21,077,554
Intermediate sources				4,396,837
Other				450,197
Total general revenues				<u>46,309,084</u>
<b>CHANGE IN NET POSITION</b>				1,692,144
<b>NET POSITION, beginning of year</b>				<u>(27,823,621)</u>
<b>NET POSITION, end of year</b>				<u>\$ (26,131,477)</u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2021**

	<u>General Fund</u>	<u>2020 Capital Projects Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 11,804,040	\$ -	\$ 5,183,758	\$ 16,987,798
Receivables				
Taxes receivable	17,196	-	4,501	21,697
Accounts receivable	34,391	-	35	34,426
Intergovernmental	5,998,988	-	71,521	6,070,509
Due from other funds	2,535	-	-	2,535
Inventories	21,590	-	79,027	100,617
Prepays	280,317	-	86,723	367,040
Restricted cash	-	4,825,937	-	4,825,937
Restricted investments	-	8,082,678	-	8,082,678
	<u>\$ 18,159,057</u>	<u>\$ 12,908,615</u>	<u>\$ 5,425,565</u>	<u>\$ 36,493,237</u>
<b>TOTAL ASSETS</b>				
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 476,515	\$ 2,776,011	\$ 70,827	\$ 3,323,353
Accrued salaries and related items	3,817,672	-	-	3,817,672
Accrued retirement	1,325,953	-	-	1,325,953
Due to other funds	-	-	2,535	2,535
Due to other governmental units	11,601	-	116	11,717
Unearned revenue	91,921	-	62,440	154,361
	<u>5,723,662</u>	<u>2,776,011</u>	<u>135,918</u>	<u>8,635,591</u>
<b>TOTAL LIABILITIES</b>				
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	113,800	-	-	113,800
<b>FUND BALANCES</b>				
Nonspendable				
Inventories	21,590	-	79,027	100,617
Prepays	280,317	-	86,723	367,040

	<u>General Fund</u>	<u>2020 Capital Projects Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>FUND BALANCES (continued)</b>				
Restricted for:				
Debt service	\$ -	\$ -	\$ 569,451	\$ 569,451
Capital projects	-	10,132,604	3,430,006	13,562,610
Food service	-	-	576,280	576,280
Committed				
Student/school activities	-	-	401,508	401,508
Assigned for capital projects	-	-	146,652	146,652
Assigned for subsequent year expenditures	820,400	-	-	820,400
Unassigned general fund	11,199,288	-	-	11,199,288
<b>TOTAL FUND BALANCES</b>	<u>12,321,595</u>	<u>10,132,604</u>	<u>5,289,647</u>	<u>27,743,846</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 18,159,057</u>	<u>\$ 12,908,615</u>	<u>\$ 5,425,565</u>	<u>\$ 36,493,237</u>
<b>Total governmental fund balances</b>				\$ 27,743,846
Amounts reported for governmental activities in the statement of net position are different because:				
Deferred charges on refunding				680,745
Deferred outflows of resources - related to pensions				16,251,099
Deferred outflows of resources - related to other postemployment benefits				5,863,295
Deferred inflows of resources - related to pensions				(1,101,037)
Deferred inflows of resources - related to other postemployment benefits				(9,143,931)
Deferred inflows of resources - related to state funding for pension				(2,823,374)
Capital assets used in governmental activities are not financial resources and are not reported in the funds:				
The cost of the capital assets is			\$ 189,522,277	
Accumulated depreciation is			<u>(50,451,135)</u>	
				139,071,142
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
Deferred inflows - Taxes receivable at June 30th less allowance for doubtful accounts expected to be collected after September 1st				13,800
Long-term liabilities are not due and payable in the current period and are not reported in the funds:				
Bonds payable				(115,677,689)
Compensated absences and termination benefits				(886,361)
Accrued interest is not included as a liability in government funds, it is recorded when paid				(793,358)
Net other postemployment benefits liability				(11,616,267)
Net pension liability				<u>(73,813,387)</u>
<b>Net position of governmental activities</b>				<u>\$ (26,131,477)</u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2021**

	<u>General Fund</u>	<u>2020 Capital Projects Fund</u>	<u>2017 Capital Projects Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local sources					
Property taxes	\$ 10,225,349	\$ -	\$ -	\$ 10,131,177	\$ 20,356,526
Investment earnings	595	22,139	1,425	5,211	29,370
Food sales and athletics	135,194	-	-	-	135,194
Student/school activities	-	-	-	129,520	129,520
Other	318,847	80,292	-	-	399,139
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total local sources	10,679,985	102,431	1,425	10,265,908	21,049,749
State sources	29,448,462	-	-	62,629	29,511,091
Federal sources	2,371,245	-	-	1,592,475	3,963,720
Incoming transfers and other	4,426,088	-	-	-	4,426,088
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL REVENUES</b>	<b>46,925,780</b>	<b>102,431</b>	<b>1,425</b>	<b>11,921,012</b>	<b>58,950,648</b>
<b>EXPENDITURES</b>					
Current					
Instruction	25,452,275	-	-	-	25,452,275
Supporting services	16,016,432	-	-	-	16,016,432
Food service activities	-	-	-	1,252,566	1,252,566
Student/school activities	-	-	-	104,659	104,659
Community service activities	65,637	-	-	-	65,637
Capital outlay	-	15,530,085	4,553,038	723,612	20,806,735

	<u>General Fund</u>	<u>2020 Capital Projects Fund</u>	<u>2017 Capital Projects Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>EXPENDITURES (continued)</b>					
Debt service					
Principal repayment	\$ -	\$ -	\$ -	\$ 3,815,000	\$ 3,815,000
Interest	-	-	-	5,096,199	5,096,199
Other costs	-	-	-	11,154	11,154
<b>TOTAL EXPENDITURES</b>	<u>41,534,344</u>	<u>15,530,085</u>	<u>4,553,038</u>	<u>11,003,190</u>	<u>72,620,657</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>5,391,436</u>	<u>(15,427,654)</u>	<u>(4,551,613)</u>	<u>917,822</u>	<u>(13,670,009)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sale of capital assets	21,807	-	-	-	21,807
Transfers in	-	2,987	-	-	2,987
Transfers out	-	-	(2,987)	-	(2,987)
Total other financing sources (uses)	<u>21,807</u>	<u>2,987</u>	<u>(2,987)</u>	<u>-</u>	<u>21,807</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>5,413,243</u>	<u>(15,424,667)</u>	<u>(4,554,600)</u>	<u>917,822</u>	<u>(13,648,202)</u>
<b>FUND BALANCES</b>					
Beginning of year	<u>6,908,352</u>	<u>25,557,271</u>	<u>4,554,600</u>	<u>4,371,825</u>	<u>41,392,048</u>
End of year	<u>\$ 12,321,595</u>	<u>\$ 10,132,604</u>	<u>\$ -</u>	<u>\$ 5,289,647</u>	<u>\$ 27,743,846</u>

**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, 2021**

<b>Net change in fund balances total governmental funds</b>	<b>\$ (13,648,202)</b>
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	(4,997,969)
Capital outlay	20,257,684
Net book value of assets disposed	(979,206)
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	879,733
Accrued interest payable, end of the year	(793,358)
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	3,815,000
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	(1,147,800)
Deferred inflows - unavailable revenue, end of the year	113,800
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	893,088
Accrued compensated absences and termination benefits, end of the year	(886,361)
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	1,936,966
Pension related items	(4,252,077)
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	2,346,603
State aid funding for pension, end of year	(2,823,374)
<b>Change in net position of governmental activities</b>	<b>\$ 1,692,144</b>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2021**

	<u><b>Custodial Funds</b></u>
<b>ASSETS</b>	
Cash	\$ 48,209
<b>NET POSITION</b>	
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, 2021**

	<b>Custodial Funds</b>
<b>ADDITIONS</b>	
Student activity income	\$ -
Investment earnings	-
	-
Total additions	-
<b>DEDUCTIONS</b>	
Payments made on behalf of student organizations	-
	-
<b>NET POSITION</b>	
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 fixed assets or construction of major capital projects.

The *2017 capital projects fund* accounts for the receipt of debt proceeds and the acquisition of fixed assets or construction of major capital projects.

**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	2017
Revenue, not including proceeds	\$ 175,950	\$ 1,762,971
Expenditures and transfers	\$ 16,686,957	\$ 69,159,683

The above revenue figures do not include total 2020 and 2017 bond proceeds and premium of \$26,643,611 and \$67,396,712, respectively.

*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 fixed 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 funds, 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 capital 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)

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, 2021. 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 (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. 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 arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from receipts that are received after 60 days of year end. These amounts are deferred and recognized as inflow of resources in the period that the amounts become available.

**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)

*Net Position Flow Assumption*

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

*Fund Balance Flow Assumptions*

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

*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.

**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)

*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, 2021 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	7.0000
Sinking fund	
PRE, Non-PRE, Commercial Personal Property	1.0000

*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.

**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)

*Long-term Obligations (continued)*

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, 2020, 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, 2021, \$22,098,828 of the District’s bank balance of \$22,348,828 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 \$21,861,944.

**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.

**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.

<b>Investment Type</b>	<b>Fair Value</b>	<b>Weighted Average Maturity (years)</b>
MILAF External Investment Pool - MAX	\$ 8,082,678	N/A
Portfolio weighted average maturity		N/A

1 day maturity equals 0.0027, one year equals 1.00

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

**NOTE 2 - DEPOSITS AND INVESTMENTS (continued)**

**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.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Agency</u>
MILAF External Investment Pool - MAX	<u>\$ 8,082,678</u>	AAAm	Standard & Poor's

**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)**

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

	<b>Amortized Cost</b>
MILAF External Investment Pool - MAX	\$ 8,082,678

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, 2021:

	Primary Government	Custodial Fund	Total
Cash and cash equivalents	\$ 16,987,798	\$ 48,209	\$ 17,036,007
Restricted cash - capital projects	4,825,937	-	4,825,937
Restricted investments - capital projects	8,082,678	-	8,082,678
	\$ 29,896,413	\$ 48,209	\$ 29,944,622

**NOTE 3 - INTERGOVERNMENTAL RECEIVABLES**

Receivables at June 30, 2021 consist of the following:

Intergovernmental	
State aid	\$ 5,654,853
Federal revenue	287,531
Ingham Intermediate School District	128,125
	\$ 6,070,509

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, 2021 is as follows:

	<u>Balance July 1, 2020</u>	<u>Additions/ reclassifications</u>	<u>Deletions/ reclassifications</u>	<u>Balance June 30, 2021</u>
Capital assets not being depreciated				
Land	\$ 480,535	\$ -	\$ -	\$ 480,535
Construction in progress	<u>26,020,754</u>	<u>13,904,540</u>	<u>24,477,373</u>	<u>15,447,921</u>
Total capital assets not being depreciated	<u>26,501,289</u>	<u>13,904,540</u>	<u>24,477,373</u>	<u>15,928,456</u>
Capital assets being depreciated				
Land improvements	14,968,696	2,778,403	92,827	17,654,272
Buildings and additions	124,173,852	26,227,085	3,097,276	147,303,661
Furniture and equipment	7,009,220	1,825,029	503,881	8,330,368
Vehicles	<u>305,520</u>	<u>-</u>	<u>-</u>	<u>305,520</u>
Total capital assets being depreciated	<u>146,457,288</u>	<u>30,830,517</u>	<u>3,693,984</u>	<u>173,593,821</u>
Accumulated depreciation				
Land improvements	8,055,475	835,408	92,702	8,798,181
Building and improvements	35,384,062	3,573,764	2,162,135	36,795,691
Furniture and equipment	4,544,195	563,314	459,941	4,647,568
Vehicles	<u>184,212</u>	<u>25,483</u>	<u>-</u>	<u>209,695</u>
Total accumulated depreciation	<u>48,167,944</u>	<u>4,997,969</u>	<u>2,714,778</u>	<u>50,451,135</u>
Net capital assets being depreciated	<u>98,289,344</u>	<u>25,832,548</u>	<u>979,206</u>	<u>123,142,686</u>
Net governmental capital assets	<u>\$ 124,790,633</u>	<u>\$ 39,737,088</u>	<u>\$ 25,456,579</u>	<u>\$ 139,071,142</u>

Depreciation for the fiscal year ended June 30, 2021 amounted to \$4,997,969. 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**

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	<u>\$ 2,535</u>	Nonmajor debt funds	\$ 2,397
		2019 sinking fund	<u>138</u>
	<u>\$ 2,535</u>		<u>\$ 2,535</u>

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, 2021.

	General Obligation Bonds	Compensated Absences and Termination Benefits	Total
Balance, July 1, 2020	\$ 120,545,944	\$ 893,088	\$ 121,439,032
Additions	-	206,484	206,484
Deletions	<u>(4,868,255)</u>	<u>(213,211)</u>	<u>(5,081,466)</u>
Balance, June 30, 2021	115,677,689	886,361	116,564,050
Due within one year	<u>(4,030,000)</u>	<u>(14,720)</u>	<u>(4,044,720)</u>
Due in more than one year	<u>\$ 111,647,689</u>	<u>\$ 871,641</u>	<u>\$ 112,519,330</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, 2021 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%.	\$ 22,840,000
2017 Building and site bonds due in annual installments of \$1,430,000 to \$2,920,000 through May 1, 2042, with interest rates from 4% to 5%.	54,470,000
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>17,207,689</u>
Total general obligation bonds	115,677,689
Compensated absences and termination benefits	<u>886,361</u>
Total general long-term obligations	<u>\$ 116,564,050</u>

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

**NOTE 6 - LONG-TERM OBLIGATIONS (continued)**

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, 2021, \$27,425,000 of bonds outstanding are considered defeased.

The annual requirements to amortize the long-term obligations outstanding exclusive of compensated absences payments as of June 30, 2021 are as follows:

Year Ending June 30,	General Obligation Bonds		Compensated Absences and Termination Benefits	Total
	Principal	Interest		
2022	\$ 4,030,000	\$ 4,760,150	\$ -	\$ 8,790,150
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 - 2031	28,290,000	15,327,750	-	43,617,750
2032 - 2036	19,560,000	9,381,000	-	28,941,000
2037 - 2041	19,720,000	4,472,000	-	24,192,000
2042 - 2044	6,050,000	459,250	-	6,509,250
	98,470,000	51,366,750	-	149,836,750
Issuance premium	17,207,689	-	-	17,207,689
Compensated absences and termination benefits	-	-	886,361	886,361
	<u>\$ 115,677,689</u>	<u>\$ 51,366,750</u>	<u>\$ 886,361</u>	<u>\$ 167,930,800</u>

Interest expense (all funds) for the year ended June 30, 2021 was approximately \$5,096,000.

**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 Comprehensive Annual Financial Report that can be obtained at [www.michigan.gov/ors](http://www.michigan.gov/ors) schools.

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)**

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.

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.

**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 (continued)

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 60<sup>th</sup> birthday and has credited service in each of the last 5 years. For Pension Plus Plan (PPP) members, age 60 with 10 years of credited service.

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

Member Contributions

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

Employer Contributions

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

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

Pension and OPEB contributions made in the fiscal year ending September 30, 2019 were determined as of the September 30, 2016 actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2016 are amortized over a 20-year period beginning October 1, 2018 and ending September 30, 2038.

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

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

Employer Contributions (continued)

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, 2019 - September 30, 2020	13.39% - 19.59%	7.57% - 8.09%
October 1, 2020 - September 30, 2021	13.39% - 19.78%	7.57% - 8.43%

The District's pension contributions for the year ended June 30, 2021 were equal to the required contribution total. Total pension contributions were approximately \$6,411,000. Of the total pension contributions, approximately \$6,301,000 was contributed to fund the Defined Benefit Plan and approximately \$110,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2021 were equal to the required contribution total. Total OPEB contributions were approximately \$1,746,000. Of the total OPEB contributions, approximately \$1,651,000 was contributed to fund the Defined Benefit Plan and approximately \$95,000 was contributed to fund the Defined Contribution Plan.

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

Pension Liabilities, Pension Expense, 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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2019 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.

<i>MPSERS (Plan) Non-university Employers</i>	September 30, 2020	September 30, 2019
Total Pension Liability	\$ 85,290,583,799	\$ 83,442,507,212
Plan Fiduciary Net Position	\$ 50,939,496,006	\$ 50,325,869,388
Net Pension Liability	\$ 34,351,087,793	\$ 33,116,637,824
Proportionate Share	0.21488%	0.21167%
Net Pension Liability for the District	\$ 73,813,387	\$ 70,097,391

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

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

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

For the year ended June 30, 2021, the District recognized pension expense of \$10,553,016.

At June 30, 2021, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 8,179,235	\$ -
Net difference between projected and actual pension plan investments earnings	310,131	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	718,931	943,493
Differences between expected and actual experience	1,127,808	157,544
Reporting Unit's contributions subsequent to the measurement date	5,914,994	-
	<b>\$ 16,251,099</b>	<b>\$ 1,101,037</b>

\$5,914,994, reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

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

Year Ending September 30,	Amount
2021	\$ 4,051,669
2022	2,881,694
2023	1,707,117
2024	594,588

**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

*OPEB Liabilities*

The net OPEB liability was measured as of September 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of September 30, 2019 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.

<i>MPERS (Plan) Non-university Employers</i>	September 30, 2020	September 30, 2019
Total other postemployment benefit liability	\$ 13,206,903,534	\$ 13,925,860,688
Plan fiduciary net position	\$ 7,849,636,555	\$ 6,748,112,668
Net other postemployment benefit liability	\$ 5,357,266,979	\$ 7,177,748,020
Proportionate share	0.21683%	0.21337%
Net other postemployment benefit liability for the District	\$ 11,616,267	\$ 15,315,292

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

For the year ended June 30, 2021, the District recognized OPEB benefit of \$285,541.

At June 30, 2021, 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	\$ -	\$ 8,655,205
Changes of assumptions	3,830,114	-
Net difference between projected and actual earnings on OPEB plan investments	96,951	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	453,800	488,726
Employer contributions subsequent to the measurement date	1,482,430	-
	<u>\$ 5,863,295</u>	<u>\$ 9,143,931</u>

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

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

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

\$1,482,430, 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
2021	\$ (1,360,839)
2022	(1,226,436)
2023	(950,236)
2024	(670,972)
2025	(554,583)

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, 2019. 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.

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

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

Actuarial Assumptions (continued)

**The Long-Term Expected Rate of Return on Pension and Other Postemployment Benefit Plan Investments** - The pension rate was 6.80% (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** - 7.0% for year one and graded to 3.5% in year fifteen.

**Additional Assumptions for Other Postemployment Benefit Only** - Applies to individuals hired before September 4, 2012:

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

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

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

The target asset allocation at September 30, 2020 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%	5.60%
International Equity Pools	15.00%	7.40%
Private Equity Pools	16.00%	9.30%
Real Estate and Infrastructure Pools	10.00%	4.90%
Fixed Income Pools	10.50%	0.50%
Absolute Return Pools	9.00%	3.20%
Real Return/Opportunistic Pools	12.50%	6.60%
Short-Term Investment Pools	2.00%	-0.10%
	<u>100.00%</u>	

\* Long term rate of return is net of administrative expenses and 2.1% 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, 2020, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 5.37% and 5.24% respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Pension Discount Rate** - A single discount rate of 6.80% 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	<u>\$ 95,538,908</u>	<u>\$ 73,813,387</u>	<u>\$ 55,807,773</u>

**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 one percentage point lower or one 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	\$ 14,922,415	\$ 11,616,267	\$ 8,832,767

**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 of 7.0% (decreasing to 3.5%), 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 one percentage point lower or one percentage point higher than the current rate:

	Other Postemployment Benefit		
	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability	\$ 8,726,192	\$ 11,616,267	\$ 14,903,370

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 2020 Comprehensive Annual 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).

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

**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.

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, 2021 or any of the prior 3 years.

**NOTE 9 - TRANSFERS**

The transfer of \$2,987 from the 2017 capital projects fund to the 2020 capital projects fund was for the reimbursement of capital expenditures paid for by the 2020 capital projects fund.

**NOTE 10 - 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	\$ 923,225
City of Lansing	<u>377,707</u>
Total	<u><u>\$ 1,300,932</u></u>

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.

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

**NOTE 11 - CONTINGENT LIABILITIES**

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

**NOTE 12 - UPCOMING ACCOUNTING PRONOUNCEMENTS**

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. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2021-2022 fiscal year.

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.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2021**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>REVENUES</b>				
Local sources	\$ 11,620,531	\$ 11,040,419	\$ 10,679,985	\$ (360,434)
State sources	23,095,169	28,691,647	29,448,462	756,815
Federal sources	1,018,508	2,472,593	2,371,245	(101,348)
Incoming transfers and other	4,080,176	4,422,432	4,426,088	3,656
<b>TOTAL REVENUES</b>	<b>39,814,384</b>	<b>46,627,091</b>	<b>46,925,780</b>	<b>298,689</b>
<b>EXPENDITURES</b>				
Current				
Instruction				
Basic programs	19,196,346	19,551,513	19,579,825	(28,312)
Added needs	5,828,443	6,052,267	5,872,450	179,817
Total instruction	25,024,789	25,603,780	25,452,275	151,505
Supporting services				
Pupil	3,198,125	3,267,592	3,222,288	45,304
Instructional staff	2,375,945	2,584,160	2,380,635	203,525
General administration	439,855	471,631	440,697	30,934
School administration	2,630,789	2,840,132	2,770,590	69,542
Business	622,656	656,695	598,169	58,526
Operation/maintenance	3,848,443	4,096,063	3,942,416	153,647
Pupil transportation	1,261,503	1,002,288	1,005,074	(2,786)
Central	801,857	1,020,112	934,255	85,857
Athletics	712,700	743,538	722,308	21,230
Total supporting services	15,891,873	16,682,211	16,016,432	665,779
Community services	39,127	69,975	65,637	4,338
<b>TOTAL EXPENDITURES</b>	<b>40,955,789</b>	<b>42,355,966</b>	<b>41,534,344</b>	<b>821,622</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,141,405)</b>	<b>4,271,125</b>	<b>5,391,436</b>	<b>1,120,311</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	11,000	11,000	21,807	10,807
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (1,130,405)</b>	<b>\$ 4,282,125</b>	<b>5,413,243</b>	<b>\$ 1,131,118</b>
<b>FUND BALANCE</b>				
Beginning of year			6,908,352	
End of year	66		<u>\$ 12,321,595</u>	

**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 10 FISCAL YEARS (DETERMINED AS OF  
PLAN YEAR ENDED SEPTEMBER 30)**

	2020	2019	2018	2017	2016	2015	2014
Reporting Unit's proportion of net pension liability (%)	0.21488%	0.21167%	0.21426%	0.21939%	0.21837%	0.21480%	0.22017%
Reporting Unit's proportionate share of net pension liability	\$ 73,813,387	\$ 70,097,391	\$ 64,411,434	\$ 56,853,910	\$ 54,481,960	\$ 52,465,688	\$ 48,496,759
Reporting Unit's covered-employee payroll	\$ 19,238,765	\$ 18,626,250	\$ 17,883,246	\$ 18,372,230	\$ 18,594,479	\$ 17,927,386	\$ 18,712,153
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	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)	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 10 years. However, until a full 10 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 10 FISCAL YEARS (DETERMINED AS OF  
THE YEAR ENDED JUNE 30)**

	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	\$ 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	6,300,939	5,834,186	5,549,581	5,700,705	5,129,913	4,676,809	3,817,387
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reporting Unit's covered-employee payroll	\$ 19,193,974	\$ 19,166,115	\$ 18,410,181	\$ 17,992,654	\$ 18,395,718	\$ 16,608,983	\$ 18,107,753
Contributions as a percentage of covered-employee payroll	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 10 years. However, until a full 10 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 10 FISCAL YEARS (DETERMINED  
AS OF PLAN YEAR ENDED SEPTEMBER 30)**

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 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 10 FISCAL YEARS (DETERMINED AS OF  
THE YEAR ENDED JUNE 30)**

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 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, 2021**

**NOTE 1 - PENSION INFORMATION**

Benefit changes - there were no changes of benefit terms in 2020.

Changes of assumptions - there were no changes of assumptions in 2020.

**NOTE 2 - OPEB INFORMATION**

Benefit changes - there were no changes of benefit terms in 2020.

Changes of assumptions - the assumption changes for 2020 were:

Healthcare cost trend rate decreased to 7.00% Year 1 graded to 3.50% Year 15 from 7.50% Year 1 graded to 3.50% Year 12.

## **ADDITIONAL SUPPLEMENTARY INFORMATION**

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
YEAR ENDED JUNE 30, 2021**

<b>LOCAL SOURCES</b>	
Property taxes	\$ 10,225,349
Investment earnings	595
Other local revenue	318,847
Athletics	<u>135,194</u>
<b>TOTAL LOCAL SOURCES</b>	<u>10,679,985</u>
 <b>STATE SOURCES</b>	
Foundation grant	13,206,744
Special education	1,852,595
Other state revenue	<u>14,389,123</u>
<b>TOTAL STATE SOURCES</b>	<u>29,448,462</u>
 <b>FEDERAL SOURCES</b>	
Title I	344,036
Title II	132,405
Title III	42,770
Coronavirus relief funds	1,388,933
ESSER I	334,878
Other federal revenue	<u>128,223</u>
<b>TOTAL FEDERAL SOURCES</b>	<u>2,371,245</u>
 <b>INCOMING TRANSFERS AND OTHER TRANSACTIONS</b>	
Special education	4,379,774
Other	<u>46,314</u>
<b>TOTAL INCOMING TRANSFERS AND OTHER TRANSACTIONS</b>	<u>4,426,088</u>
<b>TOTAL REVENUES</b>	<u>46,925,780</u>
 <b>OTHER FINANCING SOURCES</b>	
Proceeds from sale of capital assets	<u>21,807</u>
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>21,807</u>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u><u>\$ 46,947,587</u></u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
YEAR ENDED JUNE 30, 2021**

**INSTRUCTION**

Basic programs

Elementary

Salaries	\$ 5,118,704
Benefits	3,468,792
Purchased services	14,377
Supplies and materials	112,180
Capital outlay	3,418
Other expenses	<u>255,985</u>

Total elementary 8,973,456

Middle school

Salaries	2,334,977
Benefits	1,591,209
Purchased services	16,667
Supplies and materials	24,386
Capital outlay	1,320
Other expenses	<u>35,061</u>

Total middle school 4,003,620

High school

Salaries	3,300,047
Benefits	2,169,884
Purchased services	185,747
Supplies and materials	60,135
Capital outlay	61,437
Other expenses	<u>315,143</u>

Total high school 6,092,393

Pre-school

Salaries	159,196
Benefits	118,342
Supplies and materials	3,133
Other expenses	<u>2,990</u>

Total pre-school 283,661

Summer school

Salaries	117,425
Benefits	67,073
Supplies and materials	<u>42,197</u>

Total summer school 226,695

Total basic programs 19,579,825

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
YEAR ENDED JUNE 30, 2021**

**INSTRUCTION (continued)**

Added needs	
Special education	
Salaries	\$ 1,936,806
Benefits	1,482,805
Purchased services	29,254
Supplies and materials	10,075
Other expenses	<u>622,056</u>
Total special education	<u>4,080,996</u>
Compensatory education	
Salaries	1,025,945
Benefits	745,108
Purchased services	13,692
Supplies and materials	2,030
Other expenses	<u>4,679</u>
Total compensatory education	<u>1,791,454</u>
Total added needs	<u>5,872,450</u>
<b>TOTAL INSTRUCTION</b>	<u>25,452,275</u>

**SUPPORTING SERVICES**

Pupil services	
Salaries	1,703,454
Benefits	1,113,350
Purchased services	3,519
Supplies and materials	9,656
Capital outlay	17,226
Other expenses	<u>375,083</u>
Total pupil services	<u>3,222,288</u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
YEAR ENDED JUNE 30, 2021**

**SUPPORTING SERVICES (continued)**

Instructional staff services	
Salaries	\$ 1,247,585
Benefits	829,005
Purchased services	60,339
Supplies and materials	102,143
Capital outlay	4,851
Other expenses	<u>136,712</u>
Total instructional staff services	<u>2,380,635</u>
 General administration	
Salaries	216,508
Benefits	134,551
Purchased services	78,307
Supplies and materials	2,539
Other expenses	<u>8,792</u>
Total general administration	<u>440,697</u>
 School administration	
Salaries	1,639,371
Benefits	1,066,205
Purchased services	30,046
Supplies and materials	27,975
Capital outlay	484
Other expenses	<u>6,509</u>
Total school administration	<u>2,770,590</u>
 Business services	
Salaries	295,053
Benefits	191,835
Purchased services	62,587
Supplies and materials	4,524
Other expenses	<u>44,170</u>
Total business services	<u>598,169</u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
YEAR ENDED JUNE 30, 2021**

**SUPPORTING SERVICES (continued)**

Operations and maintenance	
Salaries	\$ 320,764
Benefits	178,688
Purchased services	1,306,161
Supplies and materials	1,881,103
Capital outlay	251,853
Other expenses	<u>3,847</u>
Total operations and maintenance	<u>3,942,416</u>
Transportation	
Purchased services	292
Supplies and materials	21,358
Other expenses	<u>983,424</u>
Total transportation	<u>1,005,074</u>
Central services	
Salaries	376,068
Benefits	222,779
Purchased services	273,786
Supplies and materials	8,961
Capital outlay	15,953
Other expenses	<u>36,708</u>
Total central services	<u>934,255</u>
Athletics	
Salaries	387,333
Benefits	218,753
Purchased services	51,281
Supplies and materials	55,697
Other expenses	<u>9,244</u>
Total athletics	<u>722,308</u>
<b>TOTAL SUPPORTING SERVICES</b>	<u><b>16,016,432</b></u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING  
GENERAL FUND  
SCHEDULE OF EXPENDITURES  
YEAR ENDED JUNE 30, 2021**

<b>COMMUNITY SERVICES</b>	
Salaries	\$ 12,052
Benefits	9,189
Purchased services	15,715
Supplies and materials	27,421
Other expenses	<u>1,260</u>
<b>TOTAL COMMUNITY SERVICES</b>	<u>65,637</u>
<b>TOTAL EXPENDITURES</b>	<u><u>\$ 41,534,344</u></u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUND TYPES  
JUNE 30, 2021**

	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Total Nonmajor Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,034,365	\$ 568,017	\$ 3,581,376	\$ 5,183,758
Accounts receivable	35	-	-	35
Taxes receivable	-	3,931	570	4,501
Intergovernmental	71,521	-	-	71,521
Prepays	85,515	1,208	-	86,723
Inventories	79,027	-	-	79,027
<b>TOTAL ASSETS</b>	<b>\$ 1,270,463</b>	<b>\$ 573,156</b>	<b>\$ 3,581,946</b>	<b>\$ 5,425,565</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 65,693	\$ -	\$ 5,134	\$ 70,827
Due to other funds	-	2,397	138	2,535
Due to other governmental units	-	100	16	116
Unearned revenue	62,440	-	-	62,440
<b>TOTAL LIABILITIES</b>	<b>128,133</b>	<b>2,497</b>	<b>5,288</b>	<b>135,918</b>
<b>FUND BALANCES</b>				
Nonspendable				
Prepays	85,515	1,208	-	86,723
Inventories	79,027	-	-	79,027
Restricted for:				
Debt service	-	569,451	-	569,451
Capital projects	-	-	3,430,006	3,430,006
Food service	576,280	-	-	576,280
Committed	401,508	-	-	401,508
Assigned for capital projects	-	-	146,652	146,652
<b>TOTAL FUND BALANCES</b>	<b>1,142,330</b>	<b>570,659</b>	<b>3,576,658</b>	<b>5,289,647</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,270,463</b>	<b>\$ 573,156</b>	<b>\$ 3,581,946</b>	<b>\$ 5,425,565</b>

**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, 2021**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Nonmajor Funds</u>
<b>REVENUES</b>				
Local sources				
Property taxes	\$ -	\$ 8,909,533	\$ 1,221,644	\$ 10,131,177
Investment earnings	-	5,211	-	5,211
Student/school activities	129,520	-	-	129,520
	<hr/>	<hr/>	<hr/>	<hr/>
Total local sources	129,520	8,914,744	1,221,644	10,265,908
State sources	62,629	-	-	62,629
Federal sources	1,592,475	-	-	1,592,475
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL REVENUES</b>	<b>1,784,624</b>	<b>8,914,744</b>	<b>1,221,644</b>	<b>11,921,012</b>
<b>EXPENDITURES</b>				
Current				
Food service activities	1,252,566	-	-	1,252,566
Student/school activities	104,659	-	-	104,659
Capital outlay	30,917	-	692,695	723,612
Debt service				
Principal repayment	-	3,815,000	-	3,815,000
Interest expense	-	5,096,199	-	5,096,199
Other costs	-	9,855	1,299	11,154
	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENDITURES</b>	<b>1,388,142</b>	<b>8,921,054</b>	<b>693,994</b>	<b>11,003,190</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<hr/> <b>396,482</b>	<hr/> <b>(6,310)</b>	<hr/> <b>527,650</b>	<hr/> <b>917,822</b>
<b>NET CHANGE IN FUND BALANCES</b>	<hr/> <b>396,482</b>	<hr/> <b>(6,310)</b>	<hr/> <b>527,650</b>	<hr/> <b>917,822</b>
<b>FUND BALANCES</b>				
Beginning of year	<hr/> 745,848	<hr/> 576,969	<hr/> 3,049,008	<hr/> 4,371,825
End of year	<hr/> <b>\$ 1,142,330</b>	<hr/> <b>\$ 570,659</b>	<hr/> <b>\$ 3,576,658</b>	<hr/> <b>\$ 5,289,647</b>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2021**

	<u>Food Service</u>	<u>Student/School Activities</u>	<u>Total Nonmajor Special Revenue</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 628,397	\$ 405,968	\$ 1,034,365
Accounts receivable	35	-	35
Intergovernmental	71,521	-	71,521
Prepays	85,515	-	85,515
Inventories	79,027	-	79,027
	<hr/>	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>\$ 864,495</b>	<b>\$ 405,968</b>	<b>\$ 1,270,463</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 61,233	\$ 4,460	\$ 65,693
Unearned revenue	62,440	-	62,440
	<hr/>	<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>	<b>123,673</b>	<b>4,460</b>	<b>128,133</b>
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCES</b>			
Nonspendable			
Prepaid expenditures	85,515	-	85,515
Inventories	79,027	-	79,027
Restricted	576,280	-	576,280
Committed	-	401,508	401,508
	<hr/>	<hr/>	<hr/>
<b>TOTAL FUND BALANCES</b>	<b>740,822</b>	<b>401,508</b>	<b>1,142,330</b>
	<hr/>	<hr/>	<hr/>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 864,495</b>	<b>\$ 405,968</b>	<b>\$ 1,270,463</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**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, 2021**

	<u>Food Service</u>	<u>Student/School Activities</u>	<u>Total Nonmajor Special Revenue</u>
<b>REVENUES</b>			
State sources	\$ 62,629	\$ -	\$ 62,629
Federal sources	1,592,475	-	1,592,475
Student/school activities	-	129,520	129,520
<b>TOTAL REVENUES</b>	<u>1,655,104</u>	<u>129,520</u>	<u>1,784,624</u>
<b>EXPENDITURES</b>			
Salaries	28,733	-	28,733
Benefits	14,046	-	14,046
Purchased services	140,694	-	140,694
Supplies and materials	773,124	-	773,124
Capital outlay	30,917	-	30,917
Other expenses	295,969	104,659	400,628
<b>TOTAL EXPENDITURES</b>	<u>1,283,483</u>	<u>104,659</u>	<u>1,388,142</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>371,621</u>	<u>24,861</u>	<u>396,482</u>
<b>NET CHANGE IN FUND BALANCES</b>	371,621	24,861	396,482
<b>FUND BALANCES</b>			
Beginning of year	<u>369,201</u>	<u>376,647</u>	<u>745,848</u>
End of year	<u>\$ 740,822</u>	<u>\$ 401,508</u>	<u>\$ 1,142,330</u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING  
NONMAJOR DEBT SERVICE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2021**

	<b>2015 Refunding</b>	<b>2017 Debt</b>	<b>2020 Debt</b>	<b>Total Nonmajor Debt Service</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 243,178	\$ 244,223	\$ 80,616	\$ 568,017
Prepays	375	500	333	1,208
Taxes receivable	1,725	1,716	490	3,931
<b>TOTAL ASSETS</b>	<b>\$ 245,278</b>	<b>\$ 246,439</b>	<b>\$ 81,439</b>	<b>\$ 573,156</b>
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Due to other funds	\$ 949	\$ 948	\$ 500	\$ 2,397
Due to other governmental units	49	48	3	100
<b>TOTAL LIABILITIES</b>	998	996	503	2,497
 <b>FUND BALANCES</b>				
Nonspendable:				
Prepays	375	500	333	1,208
Restricted for debt service	243,905	244,943	80,603	569,451
<b>TOTAL FUND BALANCES</b>	244,280	245,443	80,936	570,659
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 245,278</b>	<b>\$ 246,439</b>	<b>\$ 81,439</b>	<b>\$ 573,156</b>

**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, 2021**

	<u>2015 Refunding</u>	<u>2017 Debt</u>	<u>2020 Debt</u>	<u>Total Nonmajor Debt Service</u>
<b>REVENUES</b>				
Local sources				
Property taxes	\$ 3,818,808	\$ 3,818,773	\$ 1,271,952	\$ 8,909,533
Investment earnings	2,647	2,067	497	5,211
	<u>3,821,455</u>	<u>3,820,840</u>	<u>1,272,449</u>	<u>8,914,744</u>
<b>TOTAL REVENUES</b>				
<b>EXPENDITURES</b>				
Principal repayment	2,585,000	1,230,000	-	3,815,000
Interest expense	1,271,250	2,633,650	1,191,299	5,096,199
Other costs	4,749	4,892	214	9,855
	<u>3,860,999</u>	<u>3,868,542</u>	<u>1,191,513</u>	<u>8,921,054</u>
<b>TOTAL EXPENDITURES</b>				
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(39,544)</u>	<u>(47,702)</u>	<u>80,936</u>	<u>(6,310)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(39,544)	(47,702)	80,936	(6,310)
<b>FUND BALANCES</b>				
Beginning of year	<u>283,824</u>	<u>293,145</u>	-	<u>576,969</u>
End of year	<u>\$ 244,280</u>	<u>\$ 245,443</u>	<u>\$ 80,936</u>	<u>\$ 570,659</u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING  
NONMAJOR CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2021**

	<b>2012 Capital Projects Fund</b>	<b>Sinking Fund</b>	<b>2019 Sinking Fund</b>	<b>Total Nonmajor Capital Projects</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 146,652	\$ 1,298,736	\$ 2,135,988	\$ 3,581,376
Taxes receivable	-	19	551	570
<b>TOTAL ASSETS</b>	<b>\$ 146,652</b>	<b>\$ 1,298,755</b>	<b>\$ 2,136,539</b>	<b>\$ 3,581,946</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 5,134	\$ -	\$ 5,134
Due to other governmental units	-	6	10	16
Due to other funds	-	-	138	138
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>5,140</b>	<b>148</b>	<b>5,288</b>
<b>FUND BALANCES</b>				
Restricted	-	1,293,615	2,136,391	3,430,006
Assigned	146,652	-	-	146,652
<b>TOTAL FUND BALANCES</b>	<b>146,652</b>	<b>1,293,615</b>	<b>2,136,391</b>	<b>3,576,658</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 146,652</b>	<b>\$ 1,298,755</b>	<b>\$ 2,136,539</b>	<b>\$ 3,581,946</b>

**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, 2021**

	<b>2012 Capital Projects Fund</b>	<b>Sinking Fund</b>	<b>2019 Sinking Fund</b>	<b>Total Nonmajor Capital Projects</b>
<b>REVENUE</b>				
Property taxes	\$ -	\$ 126	\$ 1,221,518	\$ 1,221,644
<b>EXPENDITURES</b>				
Capital outlay	391,844	161,765	139,086	692,695
Other	-	51	1,248	1,299
<b>TOTAL EXPENDITURES</b>	<b>391,844</b>	<b>161,816</b>	<b>140,334</b>	<b>693,994</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(391,844)</b>	<b>(161,690)</b>	<b>1,081,184</b>	<b>527,650</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(391,844)</b>	<b>(161,690)</b>	<b>1,081,184</b>	<b>527,650</b>
<b>FUND BALANCES</b>				
Beginning of year	538,496	1,455,305	1,055,207	3,049,008
End of year	<u>\$ 146,652</u>	<u>\$ 1,293,615</u>	<u>\$ 2,136,391</u>	<u>\$ 3,576,658</u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING  
COMBINED DEBT SERVICE REQUIREMENTS  
JUNE 30, 2021**

<u>Year Ending June 30,</u>	<u>2015 Refunding Debt</u>	<u>2017 Debt</u>	<u>2020 Debt</u>	<u>Combined</u>
2022	\$ 3,742,000	\$ 4,039,050	\$ 504,550	\$ 8,285,600
2023	3,632,000	4,126,850	1,009,100	8,767,950
2024	3,486,000	4,278,850	1,347,200	9,112,050
2025	3,340,750	4,417,250	1,632,300	9,390,300
2026	3,171,250	4,537,250	1,866,000	9,574,500
2027	2,998,750	4,699,250	1,893,100	9,591,100
2028	2,873,500	4,616,250	1,873,500	9,363,250
2029	2,703,250	4,828,000	1,833,500	9,364,750
2030	2,525,250	4,688,000	1,788,500	9,001,750
2031	-	4,648,000	1,738,500	6,386,500
2032	-	4,503,000	1,688,500	6,191,500
2033	-	4,358,000	1,638,500	5,996,500
2034	-	4,213,000	1,588,500	5,801,500
2035	-	4,088,000	1,538,500	5,626,500
2036	-	3,942,000	1,498,250	5,440,250
2036	-	3,796,000	1,447,750	5,243,750
2037	-	3,650,000	1,407,000	5,057,000
2038	-	3,504,000	1,356,000	4,860,000
2039	-	3,358,000	1,305,000	4,663,000
2040	-	3,212,000	1,263,750	4,475,750
2041	-	3,066,000	1,212,250	4,278,250
2042	-	-	1,170,500	1,170,500
2043	-	-	1,123,375	1,123,375
2044	-	-	1,071,125	1,071,125
	<u>\$ 28,472,750</u>	<u>\$ 86,568,750</u>	<u>\$ 34,795,250</u>	<u>\$ 149,836,750</u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING  
SCHEDULE OF BONDED DEBT SERVICE REQUIREMENTS  
2015 REFUNDING DEBT SERIES  
JUNE 30, 2021**

2015 Debt Series

Calendar Year	Principal Due May 1,	Interest Due		Total Due Annually
		November 1	May 1	
2022	\$ 2,600,000	\$ 571,000	\$ 571,000	\$ 3,742,000
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	<u>\$ 22,840,000</u>	<u>\$ 2,816,375</u>	<u>\$ 2,816,375</u>	<u>\$ 28,472,750</u>

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, 2021**

2017 Debt Series

Calendar Year	Principal Due May 1,	Interest Due		Total Due Annually
		November 1	May 1	
2022	\$ 1,430,000	\$ 1,304,525	\$ 1,304,525	\$ 4,039,050
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
<b>Total 2017 bonded debt</b>	<b>\$ 54,470,000</b>	<b>\$ 16,049,375</b>	<b>\$ 16,049,375</b>	<b>\$ 86,568,750</b>

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, 2021**

2020 Debt Series

Calendar Year	Principal Due May 1,	Interest Due		Total Due Annually
		November 1	May 1	
2021	\$ -	\$ 504,550	\$ -	\$ 504,550
2022	-	504,550	504,550	1,009,100
2023	345,000	497,650	504,550	1,347,200
2024	650,000	484,650	497,650	1,632,300
2025	915,000	466,350	484,650	1,866,000
2026	980,000	446,750	466,350	1,893,100
2027	1,000,000	426,750	446,750	1,873,500
2028	1,000,000	406,750	426,750	1,833,500
2029	1,000,000	381,750	406,750	1,788,500
2030	1,000,000	356,750	381,750	1,738,500
2031	1,000,000	331,750	356,750	1,688,500
2032	1,000,000	306,750	331,750	1,638,500
2033	1,000,000	281,750	306,750	1,588,500
2034	1,000,000	256,750	281,750	1,538,500
2035	1,010,000	231,500	256,750	1,498,250
2036	1,010,000	206,250	231,500	1,447,750
2037	1,020,000	180,750	206,250	1,407,000
2038	1,020,000	155,250	180,750	1,356,000
2039	1,020,000	129,750	155,250	1,305,000
2040	1,030,000	104,000	129,750	1,263,750
2041	1,030,000	78,250	104,000	1,212,250
2042	1,040,000	52,250	78,250	1,170,500
2043	1,045,000	26,125	52,250	1,123,375
2044	1,045,000	-	26,125	1,071,125
<b>Total 2020 bonded debt</b>	<b>\$ 21,160,000</b>	<b>\$ 6,817,625</b>	<b>\$ 6,817,625</b>	<b>\$ 34,795,250</b>

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, 2021**

**SINKING FUND EXPENDITURES**

Donley Elementary	\$ 3,070
Glencairn Elementary	1,295
Robert L. Green Elementary	3,788
Red Cedar Elementary	5,428
Whitehills Elementary	655
MacDonald Middle School	58,739
East Lansing High School	88,790
Other	51

<b>TOTAL EXPENDITURES</b>	<b>\$ 161,816</b>
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**2019 SINKING FUND EXPENDITURES**

MacDonald Middle School	\$ 13,298
East Lansing High School	125,788
Other	1,248

<b>TOTAL EXPENDITURES</b>	<b>\$ 140,334</b>
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**SCHOOL DISTRICT OF THE CITY OF EAST LANSING  
2017 CAPITAL PROJECTS FUND  
DETAIL OF EXPENDITURES  
YEAR ENDED JUNE 30, 2021**

**EXPENDITURES**

Donley Elementary	\$ 3,666
Glencairn Elementary	46,338
Marble Elementary	318,590
Robert L. Green Elementary	1,828,905
Red Cedar Elementary	355,357
Whitehills Elementary	<u>2,000,182</u>

**TOTAL EXPENDITURES**

\$ 4,553,038

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING  
2012 CAPITAL PROJECTS FUND  
DETAIL OF EXPENDITURES  
YEAR ENDED JUNE 30, 2021**

2012 Capital Projects

**EXPENDITURES**

Red Cedar Elementary	\$ 53,645
MacDonald Middle School	223,504
East Lansing High School	85,309
Other	<u>29,386</u>

**TOTAL EXPENDITURES** \$ 391,844

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING  
2020 CAPITAL PROJECTS FUND  
DETAIL OF EXPENDITURES  
YEAR ENDED JUNE 30, 2021**

**EXPENDITURES**

Donley Elementary	\$ 369,291
Glencairn Elementary	179,663
Marble Elementary	12,589,592
Robert L. Green Elementary	836,030
Red Cedar Elementary	706,780
Whitehills Elementary	<u>848,729</u>

**TOTAL EXPENDITURES** \$ 15,530,085

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING  
 STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,  
 AND NET POSITION BY SCHOOL - CUSTODIAL FUND  
 YEAR ENDED JUNE 30, 2021**

	<u>Net Position</u> <u>7/1/20</u>	<u>Additions</u>	<u>Deductions</u>	<u>Net Position</u> <u>6/30/21</u>
East Lansing High School	\$ 48,209	\$ -	\$ -	\$ 48,209

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass- through Grantor's Number	Approved Grant Award Amount	Accrued (unearned) Revenue 7/1/2020	(Memo Only) Prior Year Expenditures	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued (unearned) Revenue 6/30/2021
<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	\$ 84,846	\$ -	\$ -	\$ -	\$ 84,846	\$ 84,846	\$ -
Cash Assistance									
COVID-19 - National School Lunch Program	10.555	200902	473,798	127,919	473,798	-	-	127,919	-
COVID-19 - Summer Food Service Program for Children	10.559	200900	281,098	-	-	-	281,098	281,098	-
COVID-19 - Summer Food Service Program for Children		210904	1,226,531	-	-	-	1,226,531	1,164,241	62,290
Total CFDA #10.559			1,507,629	-	-	-	1,507,629	1,445,339	62,290
Total Cash Assistance			1,981,427	127,919	473,798	-	1,507,629	1,573,258	62,290
Total Child Nutrition Cluster			2,066,273	127,919	473,798	-	1,592,475	1,658,104	62,290

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass- through Grantor's Number	Approved Grant Award Amount	Accrued (unearned) Revenue 7/1/2020	(Memo Only) Prior Year Expenditures	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued (unearned) Revenue 6/30/2021
<u>U.S. Department of Education</u>									
Passed through Michigan Department of Education									
Title I Grants to Local Educational Agencies	84.010	201530-1920	\$ 530,986	\$ 96,380	\$ 377,711	\$ -	\$ 7,093	\$ 103,473	\$ -
Title I Grants to Local Educational Agencies		211530-2021	442,758	-	-	-	336,943	226,923	110,020
Total CFDA #84.010			973,744	96,380	377,711	-	344,036	330,396	110,020
English Language Acquisition State Grants	84.365	200580-1920	48,607	4,651	37,913	-	899	5,550	-
English Language Acquisition State Grants		210580-2021	48,901	-	-	-	41,871	30,714	11,157
Total CFDA #84.365			97,508	4,651	37,913	-	42,770	36,264	11,157
Supporting Effective Instruction State Grants	84.367	200520-1920	149,510	18,008	98,273	-	178	18,186	-
Supporting Effective Instruction State Grants		210520-2021	133,081	-	-	-	132,227	101,912	30,315
Total CFDA #84.367			282,591	18,008	98,273	-	132,405	120,098	30,315
Student Support and Academic Enrichment	84.424	200750-1920	41,526	7,441	26,118	-	48	7,489	-
Student Support and Academic Enrichment		210750-2021	45,204	-	-	-	45,204	30,424	14,780
Total CFDA #84.424			86,730	7,441	26,118	-	45,252	37,913	14,780
Education Stabilization Fund									
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER I)	84.425D	203710-1920	335,043	-	-	-	334,878	332,085	2,793

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass- through Grantor's Number	Approved Grant Award Amount	Accrued (unearned) Revenue 7/1/2020	(Memo Only) Prior Year Expenditures	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued (unearned) Revenue 6/30/2021
<u>U.S. Department of Education</u>									
Passed through Ingham County Intermediate School District									
Special Education Cluster									
Special Education Flowthrough Grants	84.027	200450	\$ 11,608	\$ 11,608	\$ 11,608	\$ -	\$ -	\$ 11,608	\$ -
Special Education Flowthrough Grants		210460	21,241	-	-	-	21,241	-	21,241
Total CFDA #84.027			32,849	11,608	11,608	-	21,241	11,608	21,241
Special Education Preschool Grants	84.173	190460-1920	25,342	25,342	25,342	-	-	25,342	-
Special Education Preschool Grants		191460-2021	28,510	-	-	-	28,510	-	28,510
Total CFDA #84.173			53,852	25,342	25,342	-	28,510	25,342	28,510
Total Special Education Cluster			86,701	36,950	36,950	-	49,751	36,950	49,751
Total U.S. Department of Education			1,862,317	163,430	576,965	-	949,092	893,706	218,816
<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	14,679	-	-	-	14,679	14,679	-
<u>U.S. Department of Treasury</u>									
Passed through Michigan Department of Education									
COVID-19 Coronavirus Relief Funds	21.019	11(p)	1,291,910	-	-	-	1,291,910	1,291,910	-
COVID-19 Coronavirus Relief Funds		103(2)	45,475	-	-	-	45,475	45,475	-
Total Passed through Michigan Department of Education			1,337,385	-	-	-	1,337,385	1,337,385	-
Passed through MAISA/Copper County ISD									
COVID-19 Coronavirus Relief Funds -									
MiConnect Connectivity Funding	21.019	N/A	51,548	-	-	-	51,548	51,548	-
Total CFDA #21.019			1,388,933	-	-	-	1,388,933	1,388,933	-
<u>U.S. Department of Transportation</u>									
Passed through Michigan Fitness Foundation									
Highway Research and Development Program	20.200	N/A	21,013	2,447	8,915	-	18,541	14,563	6,425
TOTAL FEDERAL AWARDS			\$ 5,353,215	\$ 293,796	\$ 1,059,678	\$ -	\$ 3,963,720	\$ 3,969,985	\$ 287,531

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2021**

**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, 2021. 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 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	\$ 2,371,245
Other nonmajor governmental funds	<u>1,592,475</u>
Total federal revenue in the fund financial statements	<u><u>\$ 3,963,720</u></u>

**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  
School District of the City of East Lansing

We have audited, 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, 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 as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the School District of the City of East Lansing's basic financial statements and have issued our report thereon dated September 17, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School District of the City of East Lansing's internal control over financial reporting (internal control) to determine the 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 the School District of the City of East Lansing's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

*Maney Costeiran PC*

September 17, 2021

**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  
School District of the City of East Lansing

**Report on Compliance for Each Major Federal Program**

We have audited the School District of the City of East Lansing's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District of the City of East Lansing's major federal programs for the year ended June 30, 2021. The 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.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the School District of the City of East Lansing's major federal programs based on our audit of the types of compliance requirements referred to above. 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 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District of the City of East Lansing's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our unmodified opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School District of the City of East Lansing's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the 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, 2021.

### **Report on Internal Control Over Compliance**

Management of the School District of the City of East Lansing is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District of the City of East Lansing's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District of the City of East Lansing's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

*Maney Costeiran PC*

September 17, 2021

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2021**

**Section I - Summary of Auditor's Results**

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**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:

CFDA Number(s)	Name of Federal Program or Cluster
21.019	Coronavirus Relief Funds

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**

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None

**Section III - Federal Award Findings and Question Costs**

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None

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2021**

**Finding 2020-001**

**Federal Program:** Child Nutrition Cluster - CFDA #10.553, #10.555, and #10.559

**Criteria:** Annual on-site reviews must be conducted by the District in each building each year prior to February 1.

**Condition:** We reviewed the on-site review reports on file for the 2019-2020 school year. The results were that reviews were conducted and documented in February 2020, but they were not performed prior to February 1, 2020.

**Context:** The District was aware that on-site reviews were required to be conducted each year. They were not completed prior to February 1, 2020 as a result of the District changing the personnel who were in-charge of conducting the reviews.

**Questioned Costs:** \$0

**Cause:** The District had an oversight in getting the reviews scheduled prior to February 1, 2020.

**Recommendation:** The District should communicate the timeline for completing the on-site reviews at the start of the school year. This would allow them to schedule the dates in-advance in order to ensure that they are completed prior to February 1 each year.

**View of Responsible Officials:** The District concurs with the facts of this finding and is implementing procedures to prevent this in the future.

**Status:** This finding has been addressed appropriately.

September 17, 2021

To the Board of Education  
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 School District of the City of East Lansing for the year ended June 30, 2021. 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 School District of the City of East Lansing are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during fiscal year 2021. 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 17, 2021.

*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*

September 17, 2021

To the Board of Education  
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, 2021, 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 17, 2021 on the financial statements of the School District of the City of East Lansing. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are 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, 2022.

We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations.

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,

*Maney Costeiran PC*

East Lansing Public Schools

RESOLUTION PROHIBITING HAIRSTYLE BASED RACIAL DISCRIMINATION

WHEREAS, the East Lansing Public Schools Board of Education is committed to ensuring equal opportunity and equal access to all educational services to all students and staff in the East Lansing School District and other members of the public; and

WHEREAS, the East Lansing Public Schools Board of Education approved Policy 2450 Non-Discrimination and Complaint Procedure (Staff) on March 14, 2011 and Policy 8015 Non-Discrimination and Complaint Procedure (Students) on November 24, 2014; and

WHEREAS, the approved the Non-Discrimination and Complaint Procedure (Staff) sets forth that “The District will not discriminate against any person based on sex, race, color, national origin, religion, height, weight, marital status, handicap, age, sexual orientation, political beliefs or disability” for staff, and “the District will not discriminate against any person based on race, ethnicity, national origin, sex, sexual orientation, religion political beliefs, age marital status, disability socio-economic status, physical characteristics, gender identification and expression” for students”; and

WHEREAS, the East Lansing Public Schools Board of Education recognize that people of color have historically been subjected to and continue to be subjected to discrimination based on hair texture and protective hairstyles; and

WHEREAS, the East Lansing Public Schools Board of Education recognizes that a recent study found that Black women face the highest instances of hair discrimination, are more likely to be sent home from the workplace because of their hair, and that 80 percent of Black women felt they needed to switch their hairstyle to align with more conservative standards in order to fit in at work; and Black students continue to face disciplinary action because of their hair texture and protective hairstyles; and

WHEREAS, beginning in California in July 2019, The CROWN Act (“Creating a Respectful and Open Workplace for Natural Hair”) has now been adopted in at least seven states and legislation is under consideration in more than twenty other states, as well as in the United States Congress; and

WHEREAS, in Michigan, State Representative Sarah Anthony of Lansing introduced House Bill 4275 in February 2021 to amend Michigan’s Elliott Larsen Civil Rights Act (“ELCRA”), MCL 37.2101 et seq., to include the definition of “race” as “inclusive of traits historically associated with race, including . . . hair texture and protective hairstyles . . .”; and

WHEREAS, the East Lansing Public Schools Board of Education recognizes that discrimination based on hair texture and protective hairstyles is a form of racial discrimination and social injustice and inconsistent with the East Lansing Public Schools Board of Education’s dedication to equal opportunity and equal access to educational services to all students, teachers and staff in East Lansing Public Schools, East Lansing, Michigan.

THEREFORE BE IT RESOLVED, that the East Lansing Public Schools Board of Education hereby declare that the term “Race” or “race” as used in the revised Non-Discrimination and Complaint Procedures for Staff (2450) and Students (8015) shall be defined as being inclusive of traits historically associated with race, including, but not limited to, hair texture and protective hairstyles. For purposes of this definition, "protective hairstyles" includes, but is not limited to, such hairstyles as braids, locks, and twists.