



East Lansing Board of Education

509 Burcham Drive, East Lansing, MI 48823

Regular Meeting
October 9, 2023 - 7:00 PM
Board Room
509 Burcham Drive
East Lansing, Michigan 48823



Agenda

I. Opening of Meeting

A. *Call to Order*

B. *Roll Call*

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

D. *Approval of Agenda*

Motion: The Board of Education approves the October 9, 2023, regular meeting agenda, as presented.

E. **Approval of Minutes**

Motion: The Board of Education approves the minutes of the September 11, 2023, regular meeting and September 29, 2023, special meeting, as presented.

1. September 11, 2023 regular meeting

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2. September 29, 2023 special meeting

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II. Recognition

III. Student Representative Report

IV. Superintendent's Report

V. Consent Agenda

Motion: The Board of Education approves the Consent Agenda to include the following item:

A. **New Hire**

1. Hiring of **Emma Ayers-Lewis** as a conditional hire pending obtainment of certification - 1.0 FTE Guidance Counselor at MacDonald Middle School at BA Step 3 effective October 10, 2023.

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VI. Presentations

A. GLP Financial Group Presentation of \$5,000 District Scholarship - Alex Kocoves, CEO & Chairman of GLP, Nicole Liboy, Marketing Coordinator, and Charlie Otlewski, Registered Representative

B. Audited Financial Statements for Year Ended June 30, 2023 - 15
Brad Pung, Maner Costerisan

C. ELPS 2023-24 Professional Learning Program - Assistant Superintendent
Glenn Mitcham and Director of Student Support Services Nick Hamilton

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.

VIII. **Board Vacancy Interviews**

A. Robert I. Cukier	112
B. Rebecca Dean	113
C. Scott D. Farver	116
D. Michael R. Feldpausch	118
E. Tiffany Matthews	119
F. J. Estrella Torrez	121

IX. **Closed Session**

Motion: The Board of Education meet in closed session pursuant to Section 8(a) of the Open Meetings Act related to personnel matter.

A. Roll Call Vote

X. **Action Items**

A. **Audited Financial Statements for the Year Ended June 20, 2023** 122

Motion: The Board of Education accept the audited financial statements for the year ended June 30, 2023, as presented.

B. **PA 152 Resolution (80/20 vs Hard Cap) Resolution** 123

Motion: The Board of Education adopt the Resolution to Comply with PA

152 of 2011 as presented.

C. **Boiler Bids** 127

Motion: The Board of Education award the following boiler bids:

1. Boiler #1 heating tubes replacement to Myers Plumbing & Heating, Inc. in the amount of \$49,441.

2. Pool boiler replacement to Myers Plumbing & Heating, Inc. in the amount of \$36,700.

D. Revised Religious and Cultural Calendar

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Motion: The Board of Education adopt the revised Religious and Cultural Calendar, as presented.

E. Separation Agreement

Motion: The Board of Education approves the separation agreement between Dennis Petrowitz, the School District of the City of East Lansing and the East Lansing Education Association, as presented.

XI. Committee Reports

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

XII. Announcements

XIII. 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 7:00 p.m.

I.B. Roll Call

Dr. Terah Chambers: Present

Dr. Kath Edsall: Present

Ms. Tali Faris-Hylen: Present

Ms. Monica Fink: Absent

Mr. Gary Holbrook: Present

Dr. Elizabeth Lyons: Present

Mr. Chris Martin: Present

Ms. Dori Leyko Present

Student Representatives

Jennifer Rairigh Present

Holyn Walsh Present

Present: 9, Absent: 1.

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

Trustee Gary Holbrook read the mission statement.

I.D. Approval of Agenda

Motion 23-24/023: *The Board of Education approves the agenda of the September 11, 2023, regular meeting, as presented.*

This motion, made by Dr. Kath Edsall and seconded by Mr. Chris Martin.

A friendly amendment made by Dr. Elizabeth Lyons and seconded by Dr. Kath Edsall, Passed.

Motion 23-24/024: The Board of Education approves the hiring of **Kristin Sesti** - 1.0 FTE School Social Worker at East Lansing High School at MA Step 11 effective September 26, 2023.

Ms. Monica Fink: Absent, Dr. Terah Chambers: Aye, Dr. Kath Edsall: Aye, Ms. Tali Faris-Hylen: Aye, Mr. Gary Holbrook: Aye, Dr. Elizabeth Lyons: Aye, Mr. Chris Martin: Aye

Aye: 6, Nay: 0, Absent: 1

I.E. Approval of Minutes

Motion 23-24/025: The Board of Education approves the August 28, 2023, regular meeting minutes, as presented.

This motion, made by Ms. Tali Faris-Hylen and seconded by Dr. Kath Edsall, Passed.

Ms. Monica Fink: Absent, Dr. Terah Chambers: Aye, Dr. Kath Edsall: Aye, Ms. Tali Faris-Hylen: Aye, Mr. Gary Holbrook: Aye, Dr. Elizabeth Lyons: Aye, Mr. Chris Martin: Aye

Aye: 6, Nay: 0, Absent: 1

II. Recognition

Thank you and shout out to teachers Ms. Zink, Ms. Moore, and Mr. Mayes, Media Specialist Ms. Smith, student Anna Phillips, and the Student Section Leaders Committee for organizing and executing a very successful Student Paint Out before Friday's football game against Okemos. It was really well done and glad they were able to do it.

ELBOPA fundraiser took place Sunday evening. Dr. Chambers was greeted by members of the Orchestra doing a rendition of *When You Wish Upon a Star*.

III. Student Representative Report

Student Representatives Holyn Walsh and Jennifer Rairigh

- Homecoming Plans: Spirit Week and Court Voting.
- Club approval – Introduced new clubs including Marital Arts, Sewing, Disc Golf, and Squirrel Club (Environmental Awareness club).
- ELHS Theater will be presenting *Noises Off* on November 16.
- Football and Cheer teams kicked off the season strong.
- The Homecoming Parade and game is on September 29.
- Additional sports:
 - Cross-country – conference meet September 21.
 - Guys' soccer and tennis had tournaments this past weekend.
 - Girls' golf held senior night last Tuesday.
 - Volleyball has a tournament on October 7.
 - Swim team has first dual meet this week.
 - Water polo vs. Okemos this week.
- Powder Puff Flag Football game for charity between juniors and seniors will take place on September 25.

IV. Superintendent's Report

New ELPS Website Coming Soon!

We have been working with Foxbright, our website software solution, to update and redesign our district website to make it more mobile and user-friendly. After months of preparation and work, we are close to a release date for the updated site and welcome feedback once we roll over.

Please Complete Free & Reduced Lunch Forms

We are thankful to Michigan lawmakers who included funding for free breakfast and lunch meals for all pre-K through high school students this school year; however, we still need families to complete the Free and Reduced Lunch Forms that have been distributed by the buildings. Certain funding, such as 31a At-Risk and Title 1, are based on data from these forms. Please request a form from your building and return it to the main office if you think you may qualify for free or reduced lunch costs. This will help ensure constant funding for the coming years.

Representative Tsernoglou's Teacher of the Month Recognition

Representative Penelope Tsernoglou wishes to acknowledge the important work that teachers and educators bring to their students and the community. Please submit who you believe has done exceptional work and deserves recognition! Anyone can make a nomination.

Teacher of the Month Program link: <https://forms.gle/QmLUppjxCrgTdFw26>

Jamie Vollmer Educational Event

Board members, administrators, school staff and community members are invited to an evening with Jamie Vollmer, business executive turned public school advocate and author. He speaks across the country sharing the story of public education and explaining why it's the greatest return on investment we will ever see from our tax dollar. He will be sharing why "Schools Cannot Do It Alone" on October 2, 2023 at 6:30 p.m. at Holt High School. This event is sponsored by Holt Public Schools, Ingham Intermediate School District, Dean Transportation, Clark Hill and SetSeg. If you are interested in attending, please use this link to register: <https://www.inghamisd.org/thelatest/events/jamie-vollmer-education-event/>

Annual Reminders and Information for Families and Staff

- **Be SMART – Secure Gun Storage**

Firearms are the leading cause of death among children in the United States. The Board of Education passed a [Safe Gun Storage Resolution](#) at their March 13, 2023 meeting which includes annual notice to families about the importance of secure gun storage to protect minors from accessing unsecured guns.

The Be SMART website includes numerous handouts and other resources on best practices for gun storage, types of storage and guidance for talking to your children about guns. The handouts can be accessed here: <https://besmartforkids.org/secure-gun-storage/resources/>

A Be SMART presentation was held at Marble Elementary School in the evening on Wednesday, August 30. Local champions for safe gun storage are available to bring this presentation to other school councils or local groups. Please reach out to Dori Leyko if you'd like to be connected with these individuals.

- **OK2Say**

OK2Say is the student safety program which allows students to confidentially report tips on potential harm or criminal activities directed at students, school employees, and schools. It uses a comprehensive communication system to facilitate tip sharing among students, parents, school personnel, community mental health service programs, the Michigan

Department of Health and Human Services, and law enforcement officials about harmful behaviors that threaten to disrupt the learning environment. Anyone can report tips confidentially 24 hours a day, 7 days a week.

By phone: 8-555-OK2Say (855-565-2729)

By text: 652729 (OK2Say)

By email: OK2Say@mi.gov

By downloading the OK2Say app

- **COVID-19 Guidelines**

May 11, 2023 marked the end of the federal COVID-19 public health emergency declaration, but we know that COVID-19 is still around and contagious. ELPS uses the current Center for Disease Control (CDC) guidance on [isolation and exposure](#). Following these guidelines will help prevent the spread of the virus to others.

ELPS does have COVID-19 antigen tests for distribution to families upon request through your building's main office.

- ELPS Anti-Bullying Policy – [Policy 5207](#)

ELPS is committed to providing a safe learning environment for all students. Policy 5207 includes relevant definitions, as well as reporting and investigation procedures. In addition, all ELPS staff members complete annual bullying training as part of their professional development.

Next Board of Education Meeting is October 9, 2023

Due to Yom Kippur falling on the date of the next regularly scheduled Board of Education meeting, there will be no meeting on September 25. The next meeting of the Board of Education is Monday, October 9, 2023.

Discussion followed.

V. Consent Agenda

Motion 23-24/026: The Board of Education approves the consent agenda to include the following items:

V.A. New Hire

V.A.1. Hiring of **Amy Dalton** - 1.0 FTE 6th Grade Math Teacher at MacDonald Middle School at MA Step 13 effective September 12, 2023.

V.A.2. Hiring of **Kristin Sesti** - 1.0 FTE School Social Worker at East Lansing High School at MA Step 11 effective September 26, 2023.

This motion, made by Dr. Elizabeth Lyons and seconded by Dr. Kath Edsall, Passed.

Ms. Monica Fink: Absent, Dr. Terah Chambers: Aye, Dr. Kath Edsall: Aye, Ms. Tali Faris-Hylen: Aye, Mr. Gary Holbrook: Aye, Dr. Elizabeth Lyons: Aye, Mr. Chris Martin: Aye

Aye: 6, Nay: 0, Absent: 1

VI. 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.

- Brandi Branson/ELPAT - Diversity & Inclusion Community Team
- Brandi Branson/ELPAT - Graduation Alliance, middle school and high school student status & follow-up
- Brandi Branson - Trojan TRUE – Thank You!

VI.A. Presentation

VI.A.1. *Behavioral Threat Assessment and Management (BTAM) Process in ELPS* - [BTAM Process Presentation](#)

Matt Morales, Director of Health and Safety
Heather Findley, District Mental Health Coordinator

Discussion followed.

VII. Board Discussion

Going forward Board Discussion will be removed from the agenda unless there is a specific topic to be discussed. President Chambers asked Board members to email Board Discussion topics to her by Thursday before the Board meeting to include on the agenda. However, if a Board member has discussion at the meeting, an amendment may be made to the agenda.

VIII. Committee Reports

VIII.A. Academic and Technology Committee

- Last meeting was August 30.
- Set dates for the remainder of 2023.
- Discussed recruitment of student representatives to the committee.
- Next meeting is September 29 at 1:00 p.m.

VIII.B. Facilities Committee

- Next meeting is September 22 at 12:30 p.m.

VIII.C. Finance Committee

- Next meeting is September 27 12:30 p.m.

VIII.D. Intergovernmental Relations

- No report.

VIII.E. Personnel Committee

- No report.

VIII.F. Policy Committee

- Next meeting is this Wednesday, September 13 at 10:00 a.m.

IX. Announcements

- No announcements.

X. Adjournment

The meeting adjourned at 8:22 p.m.

President

Secretary

I. Opening of Meeting

I.A. Call to Order

Board President Terah Chambers called the meeting to order at 12:30 p.m.

I.B. Roll Call

Dr. Terah Chambers:	Present
Dr. Kath Edsall:	Present
Ms. Tali Faris-Hylen:	Present
Mr. Gary Holbrook:	Absent
Dr. Elizabeth Lyons:	Present
Mr. Chris Martin:	Present
Superintendent Dori Leyko	Present

Present: 6, Absent: 1.

I.C. Approval of Agenda

Motion 23-24/027: The Board of Education approves the agenda of the September 29, 2023, special Board meeting.

This motion, made by Dr. Kath Edsall and seconded by Dr. Elizabeth Lyons.

Friendly amendment to the agenda made by Ms. Tali Faris-Hylen and seconded by Dr. Kath Edsall, Passed.

Motion: 23-24/028: The Board of Education amends the agenda to move Board Discussion and Action Item – Process for Filling Board Vacancy Seat before Public Comment.

Mr. Gary Holbrook: Absent, Dr. Terah Chambers: Aye, Dr. Kath Edsall: Aye, Ms. Tali Faris-Hylen: Aye, Dr. Elizabeth Lyons: Aye, Mr. Chris Martin: Aye

Aye: 5, Nay: 0, Absent: 1

II. Board Discussion

Dr. Kath Edsall:

- The teacher did significant damage and exhibited awful/racist behavior;
- Does not want the teacher to be in front of students again;
- The school board has been asked to fire the teacher; a risk that comes with firing is that he would be back in front of students and children would be harmed;
- She is allowing the process to do what needs to be done; the answer may not be in the moment but we must let the process work.

A. Process for filling the vacant Board seat.

- Ms. Fink moved out of the district so she no longer can be a member of the East Lansing School Board.
- The Board needs to determine the process to use to fill the vacant seat.
- Is there interest in using a different process? Members felt the previous process should be used again.
- A letter of interest are due by 12:00 p.m. October 6 via email.
- Interviews will be held during the regular Board meeting on October 9.
- New member must be appointed and begin within 30 days of vacancy.
- Should the same questions be used? Dr. Kath Edsall, Dr. Elizabeth Lyons, and Ms. Tali Faris-Hylen agreed to use the same process and questions.
- The posting will go out Friday, September 29 in the district weekly e-blast.

III. Action Items

III.A. Process for Filling the Board Vacancy Seat

Motion 23-24/029: The Board of Education approves the process for filling the Board Seat vacated by Monica Fink on September 23, 2023.

This motion, made by Dr. Elizabeth Lyons and seconded by Ms. Tali Faris-Hylen, Passed.

Mr. Gary Holbrook: Absent, Dr. Terah Chambers: Aye, Dr. Kath Edsall: Aye, Ms. Tali Faris-Hylen: Aye, Dr. Elizabeth Lyons: Aye, Mr. Chris Martin: Aye

Aye: 5, Nay: 0, Absent: 1

IV. 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.

- Barbara Curtis –Mr. W controversy.
- Brad Lutz - MMS culture.
- Cheryl Burke – Accountability of teachers and student safety.
- Cindy Horgan – School culture.
- Ainslie Branson – Monica Fink resignation.
- Brandi Branson – Student walkout.
- Brandi Branson/ELPAT – Mr. Petrowitz.
- Tenisha Terry – Mr. Petrowitz.
- Terra Miller - Board member opening and Mr. Petrowitz.
- Delisa Thompson - Concerned parent - student attends MacDonald.
- Mike Lynn - School Board choices.

Additional Board Discussion

Dr. Kath Edsall:

- State election laws don't allow non-residents to run for school board of East Lansing;
- Reiterate doesn't want Mr. Petrowitz to return;
- Ran for the school board to advocate for LGBTQI+ and fight against racist behavior;
- Significant mental health issue; live in a white supremacist world; we are trying to get it right moving forward;
- Please keep coming forward and thankful for the students stepping up.

Mr. Chris Martin:

- Appreciates Dr. Edsall's comments;
- Very concerned about Mr. Petrowitz's behavior and actions; he has not met him yet because his children are younger;
- Life can be hard and we should not make it harder. We should be putting kids in a position to succeed and not make it harder and cause trauma.
- Being a part of the School Board is a rewarding way to spend time; he was concerned with the number of applicants last time.

Dr. Elizabeth Lyons:

- She has had no interaction with the teacher;
- She is not new to racist behavior in the district;
- Agrees that he shouldn't be in front of and working with kids;
- Moved to East Lansing because of its diverse community;
- We will keep working together;
- She is out in the community and would love to have a conversation to help work together;
- Thank you to everyone for coming to speak;
- Please feel free to come to let the Board hear the great things that are happening.

Ms. Tali Faris-Hylen:

- Unified as a Board to listen to what families, students, and community are feeling;
- Thank you for coming and speaking today.

Dr. Terah Chambers:

- It is not easy sitting in this seat but we want to be in the fight;
- There are no quick fixes to these things; we are working to find long-term solutions; building relationships putting things in place;
- It is frustrating for the Board and we are committed to working with the administration and ELEA to find solutions; believe that it will happen;
- Trying to find the right outcome, the Board is doing this every single meeting/week;
- In regards to Ms. Monica Fink leaving the board; people don't understand the challenges and she is sorry to see her go;
- District works better when we all work together; will continue working for outcomes; trying to make this a district where you want your child to be;
- Please keep coming to the meetings; we are doing our best.

- Reminder that the Academic and Technology Committee meeting is taking place immediately after this meeting.

V. Adjournment

The meeting adjourned at 1:27 p.m.

President

Secretary



East Lansing
Public Schools

MEMORANDUM

TO: Board of Education

FROM: Rulesha Glover-Payne
Chief Human Resources Officer

SUBJECT: Human Resources Action Item

DATE: September 19, 2023

Hire

It is recommended that the Board approve the hiring of **Emma Ayers-Lewis** as a conditional hire pending obtainment of certification - 1.0 FTE Guidance Counselor at MacDonald Middle School at BA Step 3 effective October 10, 2023.

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

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

YEAR ENDED JUNE 30, 2023



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INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School District of the City of East Lansing, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise School District of the City of East Lansing's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of School District of the City of East Lansing, as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As discussed in Note 12 to the financial statements, in 2023 the District adopted new accounting guidance, GASB Statement No. 96, *Subscription-based IT Arrangements*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2023 on our consideration of School District of the City of East Lansing's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of School District of the City of East Lansing's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering School District of the City of East Lansing's internal control over financial reporting and compliance.

Manes Costeiran PC

September 11, 2023

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2023**



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, 2023. The MD&A is recommended to be read in conjunction with the District's financial statements. Prior year information is provided for comparative analysis.

Using this Annual Report

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

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

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

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

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

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2023**



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, 2023**



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, 2023 and June 30, 2022:

	<u>2023</u>	<u>2022*</u>
ASSETS		
Current and other assets	\$ 26,479,104	\$ 30,475,637
Noncurrent assets	<u>141,171,219</u>	<u>140,923,230</u>
TOTAL ASSETS	<u>167,650,323</u>	<u>171,398,867</u>
DEFERRED OUTFLOWS		
Deferred charge on refunding	529,469	605,107
Related to other postemployment benefits	6,022,709	4,831,519
Related to pensions	<u>23,978,183</u>	<u>11,852,794</u>
TOTAL DEFERRED OUTFLOWS	<u>30,530,361</u>	<u>17,289,420</u>
LIABILITIES		
Current liabilities	9,077,416	8,530,897
Noncurrent liabilities	105,912,271	111,576,459
Net other postemployment benefits liability	4,672,777	3,340,181
Net pension liability	<u>81,239,738</u>	<u>51,430,885</u>
TOTAL LIABILITIES	<u>200,902,202</u>	<u>174,878,422</u>
DEFERRED INFLOWS		
Related to other postemployment benefits	9,615,910	12,776,341
Related to pensions	590,966	17,333,598
Related to unavailable revenue - leases	53,905	104,422
Related to state aid funding for pension	<u>5,994,444</u>	<u>3,297,117</u>
TOTAL DEFERRED INFLOWS	<u>16,255,225</u>	<u>33,511,478</u>
NET POSITION		
Net investment in capital assets	36,795,222	34,062,931
Restricted for food service	385,303	397,106
Restricted for capital projects	434,828	2,708,950
Restricted for debt service	132,410	
Unrestricted	<u>(56,724,506)</u>	<u>(56,870,600)</u>
TOTAL NET POSITION	<u>\$ (18,976,743)</u>	<u>\$ (19,701,613)</u>

*The 2022 figures have not been updated for the adoption of GASB 96.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2023**



Analysis of Financial Position

The District's net position as of June 30, 2023 totaled (\$18,976,743) which was an increase over the June 30, 2022 balance of \$669,310. A few of the more significant factors affecting net position during the year are discussed below:

Depreciation/Amortization Expense

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

The District records depreciation/amortization expense on a straight-line basis over the estimated useful lives of the assets. In accordance with GAAP, depreciation/amortization 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, 2023, the following was recorded as depreciation/amortization expense:

	2023	2022*
Land improvements	\$ 1,261,961	\$ 995,832
Building and improvements	4,283,417	4,385,723
Furniture and equipment	768,259	640,512
Vehicles	27,775	27,775
Right to use - subscription-based IT	56,970	-
Total	\$ 6,398,382	\$ 6,049,842

*The 2022 figures have not been updated for the adoption of GASB 96.

One approach of interpreting depreciation/amortization 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/amortization 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/amortization expense in order to maintain assets at the same level of value and functionality.

Capital Outlay Acquisition

For the fiscal year ended June 30, 2023, \$6,812,517 of expenditures were capitalized and recorded as assets of the District. These additions to the District's capital assets are depreciated/amortized over time as explained above.

The net effect of capital asset additions, deletions, and the current year's depreciation/amortization expense is an increase to capital assets in the amount of \$192,429 for the fiscal year ended June 30, 2023.

Long-Term Obligations

The District's total general long-term debt for the fiscal year ended June 30, 2023 decreased by \$5,664,188.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2023**



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, 2023 and June 30, 2022, the District-wide results of operation were:

	<u>2023</u>	<u>% of Total</u>	<u>2022*</u>	<u>% of Total</u>
REVENUES				
General revenues				
Property taxes, levied for general operations	\$ 10,867,990	16.7	\$ 10,586,520	17.4
Property taxes, levied for debt service	9,111,643	14.0	8,977,667	14.7
Property taxes, levied for sinking fund	1,302,188	2.0	1,233,155	2.0
Investment earnings	732,414	1	6,401	-
State sources	22,795,791	35.1	21,251,480	34.9
County special education allocation	5,609,122	8.6	5,222,577	8.6
Other	609,199	0.9	353,609	0.6
Total general revenues	<u>51,028,347</u>	<u>78.4</u>	<u>47,631,409</u>	<u>78.2</u>
Program revenues				
Charges for services	344,073	0.5	108,099	0.2
Operating grants and contributions	<u>13,819,158</u>	<u>21.2</u>	<u>13,237,552</u>	<u>21.6</u>
TOTAL REVENUES	<u>\$ 65,191,578</u>	<u>100.1</u>	<u>\$ 60,977,060</u>	<u>100.0</u>
FUNCTION/PROGRAM EXPENSES				
Instruction	\$ 31,645,434	49.0	\$ 24,745,498	45.4
Support services	19,649,173	30.5	15,518,600	28.4
Community services	19,464	-	12,599	-
Food services	1,652,302	2.6	1,781,289	3.3
Student/school activities	419,837	0.7	313,201	0.5
Interest on long-term debt	4,538,317	7.0	4,728,950	8.7
Loss on disposal of capital assets	199,359	0.3	1,397,217	2.6
Unallocated depreciation	<u>6,398,382</u>	<u>9.9</u>	<u>6,049,842</u>	<u>11.1</u>
TOTAL EXPENSES	<u>\$ 64,522,268</u>	<u>100.0</u>	<u>\$ 54,547,196</u>	<u>100.0</u>

*The 2022 figures have not been updated for the adoption of GASB 96.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2023**



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, 2023 was approximately \$47,000, or 0.4% 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
2022 - 2023	18.0000	6.6300	0.9972
2021 - 2022	18.0000	6.8000	0.9990
2020 - 2021	18.0000	7.0000	1.0000
2019 - 2020	18.0000	6.5000	1.0000
2018 - 2019	17.9795	7.0000	1.2770

2. State Sources

Per the State School Aid Act the State of Michigan funds school districts on a per pupil allowance based on a blended student enrollment. The blended enrollment consists of 90% of the current fiscal year's fall count (the first Wednesday of October) and 10% of the previous fiscal year's supplemental count (the second Wednesday of February). The District's per pupil allowance for fiscal year 2023 was \$9,150.

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
2022 - 2023	\$ 9,150	\$ 450
2021 - 2022	8,700	171
2020 - 2021	8,529	-
2019 - 2020	8,529	120
2018 - 2019	8,409	120

Non-resident pupils that attend the District via School of Choice (SOC) program are funded at the per pupil allowance of their resident district.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2023**



3. Student Enrollment

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

<u>Fiscal Year</u>	<u>Actual Blended Student FTE</u>	<u>FTE Change from Prior Year</u>
2022 - 2023	3,765	126
2021 - 2022	3,639	(53)
2020 - 2021	3,692	1
2019 - 2020	3,691	102
2018 - 2019	3,589	(23)

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, 2023 ended the District received \$3,749,653. This amount represents an increase of \$406,140 over the prior fiscal year.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2023**



5. Expenditure Comparison by Function

The following schedule provides a comparison of fund expenditures for fiscal years 2022 - 2023 and 2021 - 2022:

Function	2022 - 2023 Fiscal Year	%	2021 - 2022 Fiscal Year	%
Basic programs	\$ 25,274,537	46.6	\$ 21,824,436	46.8
Special education	5,639,642	10.3	4,882,382	10.5
Compensatory education	2,287,888	4.2	1,748,549	3.8
Total instruction	<u>33,202,067</u>	<u>61.1</u>	<u>28,455,367</u>	<u>61.1</u>
Pupil support services	4,179,828	7.7	3,562,891	7.7
Instructional staff support services	3,326,321	6.1	3,001,823	6.5
School administration	<u>3,065,629</u>	<u>5.6</u>	<u>2,779,311</u>	<u>6.0</u>
Total instructional support	<u>10,571,778</u>	<u>19.4</u>	<u>9,344,025</u>	<u>20.2</u>
General administration	506,882	0.9	463,938	1.0
Business office	679,944	1.2	541,018	1.2
Operations and maintenance	5,422,785	9.9	4,274,750	9.2
Pupil transportation	1,809,927	3.3	1,557,708	3.4
Central	1,347,289	2.5	968,127	2.1
Athletics	935,790	1.7	828,519	1.8
Community services	19,464	-	12,599	-
Debt service	<u>22,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total general fund	54,517,926	<u>100.0</u>	46,446,051	<u>100.0</u>
Food service fund	1,666,713		2,054,181	
Student/school activities	419,837		313,201	
Debt service funds	9,118,961		8,791,847	
Sinking funds	3,786,310		1,957,011	
2020 Capital projects fund	2,992,167		7,006,762	
2012 Capital projects fund	<u>-</u>		<u>146,652</u>	
Total	<u>\$ 72,501,914</u>		<u>\$ 66,715,705</u>	

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2023**



General Fund Budgetary Highlights

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

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

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

Fiscal Year	Revenues and Other Financing Sources		
	Budget	Actual	Variance
2022 - 2023	\$ 55,286,931	\$ 55,336,889	0.09%
2021 - 2022	48,346,194	48,807,447	0.95%
2020 - 2021	46,638,091	46,947,587	0.66%
2019 - 2020	42,001,492	41,355,710	-1.54%
2018 - 2019	40,345,201	39,899,132	-1.11%
Five year average actual over (under) budget			-0.19%

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

Fiscal Year	Expenditures and Other Financing Uses		
	Budget	Actual	Variance
2022 - 2023	\$ 55,860,678	\$ 54,517,926	-2.40%
2021 - 2022	47,560,469	46,446,051	-2.34%
2020 - 2021	42,355,966	41,534,344	-1.94%
2019 - 2020	41,722,063	40,809,539	-2.19%
2018 - 2019	39,807,539	38,673,880	-2.85%
Five year average actual over (under) budget			-2.34%

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2023**



Capital and Intangible Assets and Debt Administration

1. Capital Assets

At June 30, 2023 the District had \$141,171,219 invested in a broad range of capital assets, including land, construction in progress, land improvements, buildings, various furniture and equipment, right to use – subscription-based IT, and vehicles. This amount represents a net increase of \$192,429 due to fiscal year capital asset additions exceeding depreciation/amortization and disposals.

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

	2023			2022*
	Cost	Accumulated Depreciation/ amortization	Net Book Value	Net Book Value
Land	\$ 480,535	\$ -	\$ 480,535	\$ 480,535
Construction in progress	885,053	-	885,053	2,086,295
Land improvements	26,211,518	10,381,591	15,829,927	11,070,526
Building and additions	161,652,050	42,632,177	119,019,873	123,126,673
Furniture and equipment	10,401,691	5,651,841	4,749,850	4,067,166
Right to use - subscription-based IT	198,691	56,970	141,721	-
Transportation equipment	329,505	265,245	64,260	92,035
Total	\$ 200,159,043	\$ 58,987,824	\$ 141,171,219	\$ 140,923,230

*The 2022 figures have not been updated for the adoption of GASB 96.

2. Long-term Obligations

At June 30, 2023 the District had \$105,001,179 in general obligation debt outstanding versus \$110,594,434 at June 30, 2022.

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

Factors Bearing on the District’s Future

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

- **Student Enrollment:** State Aid Foundation revenue received is driven by the District’s blended student count. A total of 90% of the blended count is not known until the first Wednesday of October 2023. The District is projecting an enrollment increase of 3 students for fiscal year 2023-2024.
- **Foundation Allowance:** The State of Michigan passed a School Aid Fund budget that will increase the District’s per pupil foundation allowance by 5% or \$458 per pupil for fiscal year 2023-2024. The District’s 2023-2024 Original Budget includes the \$458 per pupil increase.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2023**



- **Pandemic/ESSER:** The COVID-19 pandemic continues to have an impact on district operations through labor shortages and material lead times. Various Federal funding associated with the pandemic, such as American Rescue Plan/ESSER III, are also coming to an end.
- **Retirement Rate:** The State retirement rate that is most applicable to District employees is 31.34%, effective October 1, 2023, that is charged to districts to fund the retirement system. In addition, the State charges and funds a stabilization rate which is projected to be 16.89% for fiscal year 2023-2024. The ability of the state to continue to subsidize the stabilization rate is a concern.
- **Employee Contracts:** The District has three collectively bargained agreements (CBAs). The most significant, from a financial perspective, is the East Lansing Education Association (ELEA). The ELEA's CBA is settled through June 30, 2025.

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
STATEMENT OF NET POSITION
JUNE 30, 2023**

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 18,244,410
Receivables	
Accounts receivable	4,674
Interest receivable	64,920
Taxes receivable	4,465
Intergovernmental	7,380,375
Leases	53,905
Inventories	156,884
Prepays	432,264
Restricted cash - capital projects	137,207
Capital assets not being depreciated	1,365,588
Capital assets, net of accumulated depreciation/amortization	<u>139,805,631</u>
TOTAL ASSETS	<u>167,650,323</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refunding	529,469
Related to other postemployment benefits	6,022,709
Related to pensions	<u>23,978,183</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>30,530,361</u>
LIABILITIES	
Accounts payable	1,374,724
Accrued salaries and related items	3,715,642
Accrued retirement	2,134,362
Accrued interest	727,525
Unearned revenue	1,054,518
Due to other governmental units	70,645
Noncurrent obligations	
Due within one year	5,097,143
Due in more than a year	100,815,128
Net other postemployment benefits liability	4,672,777
Net pension liability	<u>81,239,738</u>
TOTAL LIABILITIES	<u>200,902,202</u>
DEFERRED INFLOWS OF RESOURCES	
Related to other postemployment benefits	9,615,910
Related to pensions	590,966
Related to state aid funding for pension	5,994,444
Related to unavailable revenue - leases	<u>53,905</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>16,255,225</u>
NET POSITION	
Net investment in capital assets	36,795,222
Restricted for food service	385,303
Restricted for capital projects (sinking fund)	434,828
Restricted for debt service	132,410
Unrestricted	<u>(56,724,506)</u>
TOTAL NET POSITION	<u>\$ (18,976,743)</u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues		Governmental Activities
		Charges for Services	Operating Grants and Contributions	Net (expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	\$ 31,645,434	\$ -	\$ 10,105,020	\$ (21,540,414)
Support services	19,649,173	81,443	2,053,106	(17,514,624)
Community services	19,464	-	18,825	(639)
Food services	1,652,302	262,630	1,234,172	(155,500)
Student/school activities	419,837	-	408,035	(11,802)
Interest on long-term debt	4,538,317	-	-	(4,538,317)
Loss on disposal of capital assets	199,359	-	-	(199,359)
Unallocated depreciation	6,398,382	-	-	(6,398,382)
Total governmental activities	<u>\$ 64,522,268</u>	<u>\$ 344,073</u>	<u>\$ 13,819,158</u>	<u>(50,359,037)</u>
General revenues				
Property taxes, levied for general purposes				10,867,990
Property taxes, levied for debt service				9,111,643
Property taxes, levied for sinking fund				1,302,188
Investment earnings				732,414
State sources				22,795,791
Intermediate sources				5,609,122
Other				609,199
Total general revenues				<u>51,028,347</u>
CHANGE IN NET POSITION				669,310
NET POSITION, beginning of year, as restated				<u>(19,646,053)</u>
NET POSITION, end of year				<u>\$ (18,976,743)</u>

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See notes to financial statements.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	General Fund	2020 Capital Projects Fund	2019 Sinking Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 15,146,667	\$ -	\$ 1,332,119	\$ 1,765,624	\$ 18,244,410
Receivables					
Taxes receivable	1,949	-	325	2,191	4,465
Accounts receivable	4,544	-	-	130	4,674
Interest receivable	64,920	-	-	-	64,920
Intergovernmental	7,356,037	-	-	24,338	7,380,375
Due from other funds	3,000	-	-	-	3,000
Leases	53,905	-	-	-	53,905
Inventories	42,887	-	-	113,997	156,884
Prepays	345,561	-	-	86,703	432,264
Restricted cash	-	137,207	-	-	137,207
TOTAL ASSETS	\$ 23,019,470	\$ 137,207	\$ 1,332,444	\$ 1,992,983	\$ 26,482,104
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 437,048	\$ -	\$ 897,616	\$ 40,060	\$ 1,374,724
Accrued salaries and related items	3,715,642	-	-	-	3,715,642
Accrued retirement	2,134,362	-	-	-	2,134,362
Due to other funds	-	-	-	3,000	3,000
Due to other governmental units	70,573	-	-	72	70,645
Unearned revenue	1,005,986	-	-	48,532	1,054,518
TOTAL LIABILITIES	7,363,611	-	897,616	91,664	8,352,891
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	100,000	-	-	-	100,000
Unavailable revenue - leases	53,905	-	-	-	53,905
TOTAL DEFERRED INFLOWS OF RESOURCES	153,905	-	-	-	153,905
FUND BALANCES					
Nonspendable					
Inventories	42,887	-	-	113,997	156,884
Prepays	345,561	-	-	86,703	432,264

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See notes to financial statements.

	General Fund	2020 Capital Projects Fund	2019 Sinking Fund	Total Nonmajor Funds	Total Governmental Funds
FUND BALANCES (continued)					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ 859,935	\$ 859,935
Capital projects	-	137,207	434,828	-	572,035
Food service	-	-	-	377,554	377,554
Committed					
Student/school activities	-	-	-	463,130	463,130
Assigned for subsequent year expenditures	1,494,693	-	-	-	1,494,693
Unassigned general fund	13,618,813	-	-	-	13,618,813
TOTAL FUND BALANCES	15,501,954	137,207	434,828	1,901,319	17,975,308
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 23,019,470	\$ 137,207	\$ 1,332,444	\$ 1,992,983	\$ 26,482,104

Total governmental fund balances

\$ 17,975,308

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

Deferred charges on refunding	529,469
Deferred outflows of resources - related to pensions	23,978,183
Deferred outflows of resources - related to other postemployment benefits	6,022,709
Deferred inflows of resources - related to pensions	(590,966)
Deferred inflows of resources - related to other postemployment benefits	(9,615,910)
Deferred inflows of resources - related to state funding for pension	(5,994,444)

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

The cost of the capital assets is	\$ 200,159,043
Accumulated depreciation is	<u>(58,987,824)</u>
	141,171,219

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

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

Bonds and notes payable	(105,042,673)
Compensated absences and termination benefits	(869,598)
Accrued interest is not included as a liability in government funds, it is recorded when paid	(727,525)
Net other postemployment benefits liability	(4,672,777)
Net pension liability	<u>(81,239,738)</u>

Net position of governmental activities

\$ (18,976,743)

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**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023**

	<u>General Fund</u>	<u>2020 Capital Projects Fund</u>	<u>2019 Sinking Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Local sources					
Property taxes	\$ 10,867,990	\$ -	\$ 1,302,188	\$ 9,111,643	\$ 21,281,821
Investment earnings	623,225	346	-	108,843	732,414
Food sales and athletics	81,443	-	-	262,630	344,073
Student/school activities	-	-	-	408,035	408,035
Other	330,797	-	210,000	-	540,797
	<u>11,903,455</u>	<u>346</u>	<u>1,512,188</u>	<u>9,891,151</u>	<u>23,307,140</u>
State sources	34,501,148	-	-	150,036	34,651,184
Federal sources	3,168,921	-	-	1,083,889	4,252,810
Incoming transfers and other	5,677,524	-	-	-	5,677,524
	<u>55,251,048</u>	<u>346</u>	<u>1,512,188</u>	<u>11,125,076</u>	<u>67,888,658</u>
EXPENDITURES					
Current					
Instruction	33,202,067	-	-	-	33,202,067
Supporting services	21,274,395	-	-	-	21,274,395
Food service activities	-	-	-	1,640,338	1,640,338
Student/school activities	-	-	-	419,837	419,837
Community service activities	19,464	-	-	-	19,464
Capital outlay	-	2,992,167	3,785,670	26,375	6,804,212

See notes to financial statements.

	<u>General Fund</u>	<u>2020 Capital Projects Fund</u>	<u>2019 Sinking Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
EXPENDITURES (continued)					
Debt service					
Principal repayment	\$ 22,000	\$ -	\$ -	\$ 4,540,000	\$ 4,562,000
Interest	-	-	-	4,572,950	4,572,950
Other costs	-	-	640	6,011	6,651
	<u>54,517,926</u>	<u>2,992,167</u>	<u>3,786,310</u>	<u>11,205,511</u>	<u>72,501,914</u>
TOTAL EXPENDITURES					
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>733,122</u>	<u>(2,991,821)</u>	<u>(2,274,122)</u>	<u>(80,435)</u>	<u>(4,613,256)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	22,347	-	-	247	22,594
Proceeds from subscription-based IT arrangement	<u>63,494</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,494</u>
Total other financing sources (uses)	<u>85,841</u>	<u>-</u>	<u>-</u>	<u>247</u>	<u>86,088</u>
NET CHANGE IN FUND BALANCES	818,963	(2,991,821)	(2,274,122)	(80,188)	(4,527,168)
FUND BALANCES					
Beginning of year	<u>14,682,991</u>	<u>3,129,028</u>	<u>2,708,950</u>	<u>1,981,507</u>	<u>22,502,476</u>
End of year	<u>\$ 15,501,954</u>	<u>\$ 137,207</u>	<u>\$ 434,828</u>	<u>\$ 1,901,319</u>	<u>\$ 17,975,308</u>

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**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

Net change in fund balances total governmental funds \$ (4,527,168)

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/amortization:

Depreciation/amortization expense	(6,398,382)
Capital outlay	6,812,517
Net book value of assets disposed	(221,706)

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	762,158
Accrued interest payable, end of the year	(727,525)

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:

Proceeds from subscription-based IT arrangements	(63,494)
Payments on debt	4,562,000
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	(100,000)
Deferred inflows - unavailable revenue, end of the year	100,000

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

Accrued compensated absences and termination benefits, beginning of the year	982,025
Accrued compensated absences and termination benefits, end of the year	(869,598)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Other postemployment benefits related items	3,019,025
Pension related items	(940,832)

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	3,297,117
State aid funding for pension, end of year	(5,994,444)

Change in net position of governmental activities	39	\$ 669,310
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See notes to financial statements.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023**

	<u>Custodial Funds</u>
ASSETS	
Cash	\$ 48,209
NET POSITION	
Restricted for student organizations	\$ 48,209

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2023**

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Government-wide Financial Statements

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

Reporting Entity

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

Basis of Presentation - Government-wide Financial Statements

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

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

Basis of Presentation - Fund Financial Statements

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

The District reports the following *Major Governmental Funds*:

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements (continued)

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

	2020
Revenue, not including proceeds	\$ 179,482
Expenditures and transfers	\$ 26,685,886

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

Other Nonmajor Funds

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

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

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

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

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

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

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.

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

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

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

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

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

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a 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.

**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 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.
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, 2023. The District does not consider these amendments to be significant.

**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

Cash and Cash Equivalents

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

Investments

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

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration (NCUA), but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.
- c. Commercial paper rated at the time of purchase within the three (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.
- 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.

**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)

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 \$10,000 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. Right to use assets of the District are amortized using the straight-line method over the shorter of the lease/subscription period or the estimated useful lives. The other capital assets 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
Right to use - subscription-based IT	3-6
Vehicles	8

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.

**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)

Deferred Inflows

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category. The first is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension contributions subsequent to the measurement period. The second and third items are future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension and other postemployment benefit liability and the actual results. The amounts are amortized over a period determined by the actuary. The fourth item is unavailable revenue. The district reports unavailable revenue from future lease revenue. These amounts are deferred and recognized as inflow of resources in the period that the amounts become available.

Net Position Flow Assumption

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

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.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance Policies (continued)

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

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

Leases and Subscription Based IT Arrangements (SBITA)

Subscriber: The District is a lessee/subscriber for a noncancelable subscription of an IT arrangement. The District recognizes a SBITA liability and an intangible right-to-use SBITA asset in the government-wide financial statements.

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

Key estimates and judgements related to leases included how the District determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) SBITA term, and (3) SBITA payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for SBITA.
- The SBITA term includes the noncancelable period of the subscription. SBITA payments included in the measurement of the SBITA liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

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

SBITA assets are reported with other capital assets and SBITA liabilities are reported with long-term obligations on the statement of net position.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Leases and Subscription Based IT Arrangements (SBITA) (continued)

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

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

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

Revenues and Expenditures/Expenses

Program Revenues

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

Property Taxes

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

For the year ended June 30, 2023 the District levied the following amounts per \$1,000 of assessed valuation:

Fund	Mills
General fund	
Non-Principal Residence Exemption (PRE)	18.0000
Commercial Personal Property	6.0000
Debt service fund	
PRE, Non-PRE, Commercial Personal Property	6.6300
Sinking fund	
PRE, Non-PRE, Commercial Personal Property	0.9972

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses (continued)

Compensated Absences and Termination Benefits

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

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method over the term of the related debt. Bond issuance costs are reported as expenditures in the year in which they are incurred.

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

NOTE 2 - DEPOSITS AND INVESTMENTS

As of June 30, 2023, 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, 2023, \$18,426,247 of the District's bank balance of \$18,676,247 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 \$18,429,826.

Custodial Credit Risk - Investments

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

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

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

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Interest Rate Risk

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

Concentration of Credit Risk

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

Foreign Currency Risk

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

Fair Value Measurement

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

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.
- Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

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

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.

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

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement (continued)

The following summarizes the categorization of these amounts as of June 30, 2023:

	Primary Government	Custodial Fund	Total
Cash and cash equivalents	\$ 18,244,410	\$ 48,209	\$ 18,292,619
Restricted cash - capital projects	137,207	-	137,207
	\$ 18,381,617	\$ 48,209	\$ 18,429,826

NOTE 3 - INTERGOVERNMENTAL RECEIVABLES

Receivables at June 30, 2023 consist of the following:

Intergovernmental	
State aid	\$ 6,792,669
Federal revenue	448,289
Ingham Intermediate School District	139,417
	\$ 7,380,375

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, 2023 is as follows:

	As Restated Balance July 1, 2022	Additions/ Reclassifications	Deletions/ Reclassifications	Balance June 30, 2023
Capital assets not being depreciated/amortized				
Land	\$ 480,535	\$ -	\$ -	\$ 480,535
Construction in progress	2,086,295	885,053	2,086,295	885,053
Total capital assets not being depreciated/amortized	2,566,830	885,053	2,086,295	1,365,588
Capital assets being depreciated/amortized				
Land improvements	20,449,113	6,055,515	293,110	26,211,518
Buildings and additions	161,594,388	355,050	297,388	161,652,050
Furniture and equipment	9,141,136	1,460,063	199,508	10,401,691
Right to use - subscription-based IT	55,560	143,131	-	198,691
Vehicles	329,505	-	-	329,505
Total capital assets being depreciated/amortized	191,569,702	8,013,759	790,006	198,793,455
Accumulated depreciation/amortization				
Land improvements	9,378,587	1,261,961	258,957	10,381,591
Building and improvements	38,467,715	4,283,417	118,955	42,632,177
Furniture and equipment	5,073,970	768,259	190,388	5,651,841
Right to use - subscription-based IT	-	56,970	-	56,970
Vehicles	237,470	27,775	-	265,245
Total accumulated depreciation/amortization	53,157,742	6,398,382	568,300	58,987,824
Net capital assets being depreciated/amortized	138,411,960	1,615,377	221,706	139,805,631
Net governmental capital assets	<u>\$ 140,978,790</u>	<u>\$ 2,500,430</u>	<u>\$ 2,308,001</u>	<u>\$ 141,171,219</u>

Depreciation/amortization for the fiscal year ended June 30, 2023 amounted to \$6,398,382. The District determined that it was impractical to allocate depreciation/amortization to the various governmental activities as the assets serve multiple functions.

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

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

	<u>Due From Other Funds</u>
	<u>General</u>
	<u>Fund</u>
Due to other funds	
Other nonmajor governmental	\$ 3,000

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.

NOTE 6 - LONG-TERM OBLIGATIONS

The following is a summary of long-term obligations for the District for the year ended June 30, 2023.

	<u>General</u>	<u>Compensated</u>	<u>Direct</u>	<u>Total</u>
	<u>Obligation Bonds</u>	<u>Absences and</u>	<u>Borrowings and</u>	
		<u>Termination</u>	<u>Direct</u>	
		<u>Benefits</u>	<u>Placements</u>	
Balance, July 1, 2022	\$ 110,594,434	\$ 982,025	\$ -	\$ 111,576,459
Additions	-	45,385	63,494	108,879
Deletions	(5,593,255)	(157,812)	(22,000)	(5,773,067)
Balance, June 30, 2023	105,001,179	869,598	41,494	105,912,271
Due within one year	(5,045,000)	(31,803)	(20,340)	(5,097,143)
Due in more than one year	\$ 99,956,179	\$ 837,795	\$ 21,154	\$ 100,815,128

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, 2023 are comprised of the following issues:

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

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

General Obligation Bonds

2015 Refunding general obligation bonds due in annual installments of \$2,405,000 to \$2,605,000 through May 1, 2030, with interest at 5.00%. \$ 17,620,000

2017 Building and site bonds due in annual installments of \$1,790,000 to \$2,920,000 through May 1, 2042, with interest rates from 4% to 5%. 51,465,000

2020 Building and site bonds due in annual installments of \$650,000 to \$1,045,000 through May 1, 2044, with interest rates from 4% to 5%. 20,815,000

Plus issuance premium 15,101,179

Total general obligation bonds 105,001,179

Direct Borrowing and Direct Placement

SBITA - During the 2023 fiscal year, the District entered into a SBITA agreement. An initial liability was recorded in the amount of \$63,494 during the current fiscal year. Due in annual installments of \$20,340 to \$22,000 with an imputed interest rate of 4%. 41,494

Compensated Absences and Termination Benefits 869,598

Total general long-term obligations \$ 105,912,271

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, 2023, \$21,475,000 of bonds outstanding are considered defeased.

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

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

The annual requirements to amortize the long-term obligations outstanding exclusive of compensated absences payments as of June 30, 2023 are as follows:

Year Ending June 30,	General Obligation Bonds		Direct Borrowing and Direct Placements		Compensated Absences and Termination Benefits	Total
	Principal	Interest	Principal	Interest		
2024	\$ 5,045,000	\$ 4,365,150	\$ 20,340	\$ 1,660	\$ -	\$ 9,432,150
2025	5,505,000	4,137,300	21,154	846	-	9,664,300
2026	5,730,000	3,891,200	-	-	-	9,621,200
2027	5,955,000	3,636,500	-	-	-	9,591,500
2028	5,970,000	3,373,250	-	-	-	9,343,250
2029 - 2033	24,165,000	12,656,000	-	-	-	36,821,000
2034 - 2038	19,640,000	7,423,000	-	-	-	27,063,000
2039 - 2043	16,845,000	2,499,000	-	-	-	19,344,000
2044	1,045,000	52,250	-	-	-	1,097,250
	89,900,000	42,033,650	41,494	2,506	-	131,977,650
Issuance premium	15,101,179	-	-	-	-	15,101,179
Compensated absences and termination benefits	-	-	-	-	869,598	869,598
	<u>\$ 105,001,179</u>	<u>\$ 42,033,650</u>	<u>\$ 41,494</u>	<u>\$ 2,506</u>	<u>\$ 869,598</u>	<u>\$ 147,948,427</u>

Interest expense (all funds) for the year ended June 30, 2023 was approximately \$4,573,000.

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

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

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.

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

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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.

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.

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

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2010 (continued)

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).

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.

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

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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.

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.

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

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Regular Retirement (no reduction factor for age)

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

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

Member Contributions

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

Employer Contributions

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

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, 2022 were determined as of the September 30, 2019 actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2019 are amortized over an 17-year period beginning October 1, 2021 and ending September 30, 2038.

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

	Pension	Other Postemployment Benefit
October 1, 2022 - September 30, 2023	13.75% - 20.16%	7.21% - 8.07%
October 1, 2021 - September 30, 2022	13.73% - 20.14%	7.23% - 8.09%

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

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Employer Contributions (continued)

The District's pension contributions for the year ended June 30, 2023 were equal to the required contribution total. Total pension contributions were approximately \$8,986,000. Of the total pension contributions approximately \$8,801,000 was contributed to fund the Defined Benefit Plan and approximately \$185,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2023 were equal to the required contribution total. Total OPEB contributions were approximately \$1,349,000. Of the total OPEB contributions approximately \$1,244,000 was contributed to fund the Defined Benefit Plan and approximately \$105,000 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, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2021 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

<u>MPSERS (Plan) Non-university Employers</u>	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Total Pension Liability	\$ 95,876,795,620	\$ 86,392,473,395
Plan Fiduciary Net Position	\$ 58,268,076,344	\$ 62,717,060,920
Net Pension Liability	\$ 37,608,719,276	\$ 23,675,412,475
Proportionate Share	0.21601%	0.21723%
Net Pension Liability for the District	\$ 81,239,738	\$ 51,430,885

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

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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

For the year ended June 30, 2023, the District recognized pension expense of \$9,741,930.

At June 30, 2023, 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	\$ 13,959,898	\$ -
Net difference between projected and actual pension plan investments earnings	190,507	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	690,592	409,323
Differences between expected and actual experience	812,681	181,643
Reporting Unit's contributions subsequent to the measurement date	8,324,505	-
	\$ 23,978,183	\$ 590,966

\$8,324,505, 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
2023	\$ 4,434,029
2024	3,315,678
2025	2,679,250
2026	4,633,755

**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, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of September 30, 2021 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined.

<u>MPERS (Plan) Non-university Employers</u>	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Total other postemployment benefit liability	\$ 12,522,713,324	\$ 12,046,393,511
Plan fiduciary net position	\$ 10,404,650,683	\$ 10,520,015,621
Net other postemployment benefit liability	\$ 2,118,062,641	\$ 1,526,377,890
Proportionate share	0.21683%	0.21683%
Net other postemployment benefit liability for the District	\$ 4,672,777	\$ 3,340,181

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

For the year ended June 30, 2023, the District recognized OPEB benefit of \$1,775,429.

At June 30, 2023, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 9,152,180
Changes of assumptions	4,164,996	339,138
Net difference between projected and actual earnings on OPEB plan investments	365,214	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	445,280	124,592
Employer contributions subsequent to the measurement date	<u>1,047,219</u>	<u>-</u>
	<u>\$ 6,022,709</u>	<u>\$ 9,615,910</u>

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

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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

\$1,047,219, 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
2023	\$ (1,727,798)
2024	(1,445,244)
2025	(1,326,358)
2026	(79,650)
2027	(66,043)
2028	4,673

Actuarial Assumptions

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

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

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

Inflation - 3.0%.

Mortality Assumptions:

Retirees: 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.

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

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

Experience Study - The annual actuarial valuation report of the System used for these statements is dated September 30, 2021. Assumption changes as a result of an experience study for the periods 2012 through 2017 have been adopted by the System for use in the determination of the total pension and OPEB liability beginning with the September 30, 2018 valuation.

The Long-Term Expected Rate of Return on Pension and Other Postemployment Benefit Plan Investments

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

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

Healthcare Cost Trend Rate for Other Postemployment Benefit - Pre 65, 7.75% for year one and graded to 3.5% in year fifteen. Post 65, 5.25% 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, 2022 and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Investment Category	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	25.00%	5.1%
International Equity Pools	15.00%	6.7%
Private Equity Pools	16.00%	8.7%
Real Estate and Infrastructure Pools	10.00%	5.3%
Fixed Income Pools	13.00%	-0.2%
Absolute Return Pools	9.00%	2.7%
Real Return/Opportunistic Pools	10.00%	5.8%
Short Term Investment Pools	2.00%	-0.5%
	<u>100.00%</u>	

* Long term rates of return are net of administrative expenses and 2.2% 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, 2022, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was (4.18)% and (4.99)%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

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

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

	Pension		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net pension liability	\$ 107,206,273	\$ 81,239,738	\$ 59,842,143

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 6.00%, as well as what the Reporting Unit's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Other Postemployment Benefit		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability	\$ 7,838,134	\$ 4,672,777	\$ 2,007,154

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

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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

Reporting Unit's proportionate share of the net other postemployment benefit liability	Other Postemployment Benefit		
	Current		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
	\$ 1,956,736	\$ 4,672,777	\$ 7,721,588

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 2022 Annual Comprehensive Financial Report.

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

NOTE 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The District participates in two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The District pays annual premiums under a retrospectively rated policy to the pools for the respective insurance coverage.

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, 2023 or any of the prior 3 years.

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

NOTE 9 - TAX ABATEMENTS

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

Municipality	Taxes Abated
City of East Lansing	\$ 1,508,621
City of Lansing	28,415
Total	\$ 1,537,036

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

NOTE 10 - CONTINGENT LIABILITIES

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

NOTE 11 - UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2023-2024 fiscal year.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee’s pay rate as of the date of the financial statements. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

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

NOTE 12 - CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2023, the District implemented the following new pronouncement:

GASB Statement No. 96, *Subscription-based Information Technology Arrangements*.

Summary:

Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-based Information Technology Arrangements* was issued in May 2020. 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 restatement of the beginning of year had the following impact on net position:

	Governmental Activities
Net Position as of July 1, 2022	\$ (19,701,613)
Adoption of GASB Statement 96	55,560
Net Position as of July 1, 2022, as restated	\$ (19,646,053)

The change for capital assets is as follows:

	Capital Assets
Balance as of July 1, 2022	\$ 140,923,230
Adoption of GASB Statement 96	55,560
Balance as of July 1, 2022, as restated	\$ 140,978,790

NOTE 13 - LEASE RECEIVABLE

The District is leasing school facilities to a third party for the operation of and arts and recreation program and a before-and-after school program. The lease will continue for one more year and the District will receive payment of \$56,061 in 2024. The District recognized \$50,517 in lease revenue and \$4,177 in interest revenue during the current fiscal year related to this lease. As of June 30, 2023, the District's receivable for lease payments was \$53,905. Also, the District has deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2023, the balance of the deferred inflow of resources was \$53,905.

REQUIRED SUPPLEMENTARY INFORMATION

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Local sources	\$ 11,538,841	\$ 12,125,506	\$ 11,903,455	\$ (222,051)
State sources	30,490,909	33,964,171	34,501,148	536,977
Federal sources	3,194,449	3,187,310	3,168,921	(18,389)
Incoming transfers and other	5,063,198	5,619,944	5,677,524	57,580
TOTAL REVENUES	50,287,397	54,896,931	55,251,048	354,117
EXPENDITURES				
Current				
Instruction				
Basic programs	22,686,749	25,619,976	25,274,537	345,439
Added needs	7,657,687	7,838,884	7,927,530	(88,646)
Total instruction	<u>30,344,436</u>	<u>33,458,860</u>	<u>33,202,067</u>	<u>256,793</u>
Supporting services				
Pupil	4,023,319	4,265,889	4,179,828	86,061
Instructional staff	3,589,488	3,552,411	3,326,321	226,090
General administration	515,643	511,452	506,882	4,570
School administration	3,094,320	3,099,686	3,065,629	34,057
Business	616,822	682,000	679,944	2,056
Operation/maintenance	4,655,407	5,656,320	5,422,785	233,535
Pupil transportation	1,554,750	1,767,528	1,809,927	(42,399)
Central	1,257,618	1,679,002	1,347,289	331,713
Athletics	908,136	968,782	935,790	32,992
Total supporting services	<u>20,215,503</u>	<u>22,183,070</u>	<u>21,274,395</u>	<u>908,675</u>
Community services	27,853	37,857	19,464	18,393
Debt service	-	180,891	22,000	158,891
TOTAL EXPENDITURES	50,587,792	55,860,678	54,517,926	1,342,752
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(300,395)</u>	<u>(963,747)</u>	733,122	<u>1,696,869</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	15,000	15,000	22,347	7,347
Subscription-based IT arrangements	-	375,000	63,494	(311,506)
TOTAL OTHER FINANCING SOURCES (USES)	<u>15,000</u>	<u>390,000</u>	<u>85,841</u>	<u>(304,159)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (285,395)</u>	<u>\$ (573,747)</u>	818,963	<u>\$ 1,392,710</u>
FUND BALANCE				
Beginning of year			<u>14,682,991</u>	
End of year	72		<u>\$ 15,501,954</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 TEN FISCAL YEARS (DETERMINED AS OF
PLAN YEAR ENDED SEPTEMBER 30)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Reporting Unit's proportion of net pension liability (%)	0.21601%	0.21723%	0.21488%	0.21167%	0.21426%	0.21939%	0.21837%	0.21480%	0.22017%
Reporting Unit's proportionate share of net pension liability	<u>\$ 81,239,738</u>	<u>\$ 51,430,885</u>	<u>\$ 73,813,387</u>	<u>\$ 70,097,391</u>	<u>\$ 64,411,434</u>	<u>\$ 56,853,910</u>	<u>\$ 54,481,960</u>	<u>\$ 52,465,688</u>	<u>\$ 48,496,759</u>
Reporting Unit's covered-employee payroll	<u>\$ 21,472,220</u>	<u>\$ 19,768,312</u>	<u>\$ 19,238,765</u>	<u>\$ 18,626,250</u>	<u>\$ 17,883,246</u>	<u>\$ 18,372,230</u>	<u>\$ 18,594,479</u>	<u>\$ 17,927,386</u>	<u>\$ 18,712,153</u>
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	378.35%	260.17%	383.67%	376.34%	360.18%	309.46%	293.00%	292.66%	259.17%
Plan fiduciary net position as a percentage of total pension liability (Non-university employee)	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

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

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contributions	\$ 8,801,098	\$ 7,224,865	\$ 6,300,939	\$ 5,834,186	\$ 5,549,581	\$ 5,700,705	\$ 5,129,913	\$ 4,676,809	\$ 3,817,387
Contributions in relation to statutorily required contributions	<u>8,801,098</u>	<u>7,224,865</u>	<u>6,300,939</u>	<u>5,834,186</u>	<u>5,549,581</u>	<u>5,700,705</u>	<u>5,129,913</u>	<u>4,676,809</u>	<u>3,817,387</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll	<u>\$ 23,721,775</u>	<u>\$ 21,142,037</u>	<u>\$ 19,193,974</u>	<u>\$ 19,166,115</u>	<u>\$ 18,410,181</u>	<u>\$ 17,992,654</u>	<u>\$ 18,395,718</u>	<u>\$ 16,608,983</u>	<u>\$ 18,107,753</u>
Contributions as a percentage of covered-employee payroll	37.10%	34.17%	32.83%	30.44%	30.14%	31.68%	27.89%	28.16%	21.08%

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

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Reporting Unit's proportion of net OPEB liability (%)	0.22062%	0.21883%	0.21683%	0.21337%	0.21015%	0.21979%
Reporting Unit's proportionate share of net OPEB liability	<u>\$ 4,672,777</u>	<u>\$ 3,340,181</u>	<u>\$ 11,616,267</u>	<u>\$ 15,315,292</u>	<u>\$ 16,704,498</u>	<u>\$ 19,463,607</u>
Reporting Unit's covered-employee payroll	<u>\$ 21,472,220</u>	<u>\$ 19,768,312</u>	<u>\$ 19,238,765</u>	<u>\$ 18,626,250</u>	<u>\$ 17,883,246</u>	<u>\$ 18,372,230</u>
Reporting Unit's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	21.76%	16.90%	60.38%	82.22%	93.41%	105.94%
Plan fiduciary net position as a percentage of total OPEB liability (Non-university employee)	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

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

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contributions	\$ 1,243,596	\$ 1,747,015	\$ 1,651,425	\$ 1,647,518	\$ 1,541,169	\$ 1,599,006
Contributions in relation to statutorily required contributions	<u>1,243,596</u>	<u>1,747,015</u>	<u>1,651,425</u>	<u>1,647,518</u>	<u>1,541,169</u>	<u>1,599,006</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll	<u>\$ 23,721,775</u>	<u>\$ 21,142,037</u>	<u>\$ 19,193,974</u>	<u>\$ 19,166,115</u>	<u>\$ 18,410,181</u>	<u>\$ 17,992,654</u>
Contributions as a percentage of covered-employee payroll	5.24%	8.26%	8.60%	8.60%	8.37%	8.89%

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

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2023**

NOTE 1 - PENSION INFORMATION

Benefit Changes - there were no changes of benefit terms in 2022.

Changes of Assumptions - the assumption changes for 2022 were:

- Discount rate for MIP, Basic, and Pension Plus plans decreased to 6.00% from 6.80%.

NOTE 2 - OPEB INFORMATION

Benefit Changes - there were no changes of benefit terms in 2022.

Changes of Assumptions - the assumption changes for 2022 were:

- Discount rate decreased to 6.00% from 6.95%.

ADDITIONAL SUPPLEMENTARY INFORMATION

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
YEAR ENDED JUNE 30, 2023**

LOCAL SOURCES	
Property taxes	\$ 10,867,990
Tuition	100
Investment earnings	623,225
Other local revenue	330,697
Athletics	<u>81,443</u>
TOTAL LOCAL SOURCES	<u>11,903,455</u>
STATE SOURCES	
Foundation grant	13,582,230
Special education	1,940,565
Other state revenue	<u>18,978,353</u>
TOTAL STATE SOURCES	<u>34,501,148</u>
FEDERAL SOURCES	
Title I	382,887
Title II	79,752
Title III	33,248
ESSER III Formula	1,875,866
ESSER III - 11t	603,014
Other federal revenue	<u>194,154</u>
TOTAL FEDERAL SOURCES	<u>3,168,921</u>
INCOMING TRANSFERS AND OTHER TRANSACTIONS	
Special education	5,590,296
Other	<u>87,228</u>
TOTAL INCOMING TRANSFERS AND OTHER TRANSACTIONS	<u>5,677,524</u>
TOTAL REVENUES	<u>55,251,048</u>
OTHER FINANCING SOURCES	
Proceeds from sale of capital assets	22,347
Proceeds from SBITAs	<u>63,494</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u><u>\$ 55,336,889</u></u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
YEAR ENDED JUNE 30, 2023**

INSTRUCTION	
Basic programs	
Elementary	
Salaries	\$ 5,729,936
Benefits	5,338,065
Purchased services	67,486
Supplies and materials	544,812
Capital outlay	91,061
Other expenses	<u>726,994</u>
Total elementary	<u>12,498,354</u>
Middle school	
Salaries	2,523,083
Benefits	2,032,188
Purchased services	28,650
Supplies and materials	102,472
Capital outlay	15,146
Other expenses	<u>161,822</u>
Total middle school	<u>4,863,361</u>
High school	
Salaries	3,688,448
Benefits	2,759,268
Purchased services	370,252
Supplies and materials	125,977
Capital outlay	16,151
Other expenses	<u>358,225</u>
Total high school	<u>7,318,321</u>
Pre-school	
Salaries	195,314
Benefits	156,161
Supplies and materials	4,744
Other expenses	<u>3,633</u>
Total pre-school	<u>359,852</u>
Summer school	
Salaries	154,319
Benefits	76,280
Purchased services	80
Supplies and materials	<u>3,970</u>
Total summer school	<u>234,649</u>
Total basic programs	<u>25,274,537</u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
YEAR ENDED JUNE 30, 2023**

INSTRUCTION (continued)

Added needs

Special education

Salaries	\$ 2,570,975
Benefits	2,345,048
Purchased services	34,870
Supplies and materials	21,610
Capital outlay	763
Other expenses	<u>666,376</u>

Total special education 5,639,642

Compensatory education

Salaries	1,235,761
Benefits	1,004,264
Purchased services	45,573
Supplies and materials	<u>2,290</u>

Total compensatory education 2,287,888

Total added needs 7,927,530

TOTAL INSTRUCTION 33,202,067

SUPPORTING SERVICES

Pupil services

Salaries	2,080,494
Benefits	1,439,928
Purchased services	89,406
Supplies and materials	26,790
Capital outlay	72,668
Other expenses	<u>470,542</u>

Total pupil services 4,179,828

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
YEAR ENDED JUNE 30, 2023**

SUPPORTING SERVICES (continued)

Instructional staff services	
Salaries	\$ 1,688,723
Benefits	1,168,090
Purchased services	161,394
Supplies and materials	192,675
Capital outlay	1,229
Other expenses	<u>114,210</u>
Total instructional staff services	<u>3,326,321</u>
 General administration	
Salaries	232,293
Benefits	159,017
Purchased services	91,277
Supplies and materials	13,842
Capital outlay	1,450
Other expenses	<u>9,003</u>
Total general administration	<u>506,882</u>
 School administration	
Salaries	1,767,252
Benefits	1,219,558
Purchased services	30,125
Supplies and materials	37,740
Capital outlay	1,924
Other expenses	<u>9,030</u>
Total school administration	<u>3,065,629</u>
 Business services	
Salaries	316,018
Benefits	210,457
Purchased services	41,496
Supplies and materials	12,259
Other expenses	<u>93,114</u>
Total business services	<u>679,944</u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
YEAR ENDED JUNE 30, 2023**

SUPPORTING SERVICES (continued)

Operations and maintenance	
Salaries	\$ 1,210,835
Benefits	772,702
Purchased services	1,578,780
Supplies and materials	1,641,496
Capital outlay	217,005
Other expenses	<u>1,967</u>
Total operations and maintenance	<u>5,422,785</u>
Transportation	
Salaries	13,129
Benefits	5,347
Purchased services	27,016
Supplies and materials	94,395
Other expenses	<u>1,670,040</u>
Total transportation	<u>1,809,927</u>
Central services	
Salaries	534,988
Benefits	379,495
Purchased services	299,896
Supplies and materials	10,982
Capital outlay	98,420
Other expenses	<u>23,508</u>
Total central services	<u>1,347,289</u>
Athletics	
Salaries	420,200
Benefits	251,131
Purchased services	91,839
Supplies and materials	76,016
Capital outlay	75,239
Other expenses	<u>21,365</u>
Total athletics	<u>935,790</u>
TOTAL SUPPORTING SERVICES	<u><u>\$ 21,274,395</u></u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
YEAR ENDED JUNE 30, 2023**

COMMUNITY SERVICES	
Salaries	\$ 79
Benefits	53
Purchased services	4,259
Supplies and materials	<u>10,124</u>
TOTAL COMMUNITY SERVICES	<u>19,464</u>
OTHER FINANCING USES	
Debt service	<u>22,000</u>
TOTAL OTHER FINANCING USES	<u>22,000</u>
TOTAL EXPENDITURES	<u><u>\$ 54,517,926</u></u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUND TYPES
 JUNE 30, 2023**

	Special Revenue	Debt Service	Total Nonmajor Funds
ASSETS			
Cash and cash equivalents	\$ 904,808	\$ 860,816	\$ 1,765,624
Accounts receivable	130	-	130
Taxes receivable	-	2,191	2,191
Intergovernmental	24,338	-	24,338
Prepays	85,495	1,208	86,703
Inventories	113,997	-	113,997
	\$ 1,128,768	\$ 864,215	\$ 1,992,983
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 40,060	\$ -	\$ 40,060
Due to other funds	-	3,000	3,000
Due to other governmental units	-	72	72
Unearned revenue	48,532	-	48,532
	88,592	3,072	91,664
FUND BALANCES			
Nonspendable			
Prepays	85,495	1,208	86,703
Inventories	113,997	-	113,997
Restricted for:			
Debt service	-	859,935	859,935
Food service	377,554	-	377,554
Committed	463,130	-	463,130
	1,040,176	861,143	1,901,319
	\$ 1,128,768	\$ 864,215	\$ 1,992,983

**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, 2023**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total Nonmajor Funds</u>
REVENUES			
Local sources			
Property taxes	\$ -	\$ 9,111,643	\$ 9,111,643
Investment earnings	625	108,218	108,843
Food sales	262,630	-	262,630
Student/school activities	408,035	-	408,035
	<u>671,290</u>	<u>9,219,861</u>	<u>9,891,151</u>
Total local sources			
State sources	150,036	-	150,036
Federal sources	1,083,889	-	1,083,889
	<u>1,905,215</u>	<u>9,219,861</u>	<u>11,125,076</u>
TOTAL REVENUES			
EXPENDITURES			
Current			
Food service activities	1,640,338	-	1,640,338
Student/school activities	419,837	-	419,837
Capital outlay	26,375	-	26,375
Debt service			
Principal repayment	-	4,540,000	4,540,000
Interest expense	-	4,572,950	4,572,950
Other costs	-	6,011	6,011
	<u>2,086,550</u>	<u>9,118,961</u>	<u>11,205,511</u>
TOTAL EXPENDITURES			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(181,335)</u>	<u>100,900</u>	<u>(80,435)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	<u>247</u>	<u>-</u>	<u>247</u>
NET CHANGE IN FUND BALANCES	(181,088)	100,900	(80,188)
FUND BALANCES			
Beginning of year	<u>1,221,264</u>	<u>760,243</u>	<u>1,981,507</u>
End of year	<u>\$ 1,040,176</u>	<u>\$ 861,143</u>	<u>\$ 1,901,319</u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2023**

	<u>Food Service</u>	<u>Student/School Activities</u>	<u>Total Nonmajor Special Revenue</u>
ASSETS			
Cash and cash equivalents	\$ 429,953	\$ 474,855	\$ 904,808
Accounts receivable	130	-	130
Intergovernmental	24,338	-	24,338
Prepays	85,495	-	85,495
Inventories	113,997	-	113,997
	<u>113,997</u>	<u>-</u>	<u>113,997</u>
TOTAL ASSETS	<u>\$ 653,913</u>	<u>\$ 474,855</u>	<u>\$ 1,128,768</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 28,335	\$ 11,725	\$ 40,060
Unearned revenue	48,532	-	48,532
	<u>48,532</u>	<u>-</u>	<u>48,532</u>
TOTAL LIABILITIES	<u>76,867</u>	<u>11,725</u>	<u>88,592</u>
FUND BALANCES			
Nonspendable			
Prepaid expenditures	85,495	-	85,495
Inventories	113,997	-	113,997
Restricted	377,554	-	377,554
Committed	-	463,130	463,130
	<u>-</u>	<u>463,130</u>	<u>463,130</u>
TOTAL FUND BALANCES	<u>577,046</u>	<u>463,130</u>	<u>1,040,176</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 653,913</u>	<u>\$ 474,855</u>	<u>\$ 1,128,768</u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2023**

	<u>Food Service</u>	<u>Student/School Activities</u>	<u>Total Nonmajor Special Revenue</u>
REVENUES			
Sales	\$ 262,630	\$ -	\$ 262,630
State sources	150,036	-	150,036
Federal sources	1,083,889	-	1,083,889
Student/school activities	-	408,035	408,035
Investment earnings	625	-	625
	<u>1,497,180</u>	<u>408,035</u>	<u>1,905,215</u>
EXPENDITURES			
Salaries	73,981	-	73,981
Benefits	36,727	-	36,727
Purchased services	168,711	-	168,711
Supplies and materials	769,231	-	769,231
Capital outlay	26,375	-	26,375
Other expenses	591,688	419,837	1,011,525
	<u>1,666,713</u>	<u>419,837</u>	<u>2,086,550</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(169,533)</u>	<u>(11,802)</u>	<u>(181,335)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	<u>247</u>	<u>-</u>	<u>247</u>
NET CHANGE IN FUND BALANCES	<u>(169,286)</u>	<u>(11,802)</u>	<u>(181,088)</u>
FUND BALANCES			
Beginning of year	<u>746,332</u>	<u>474,932</u>	<u>1,221,264</u>
End of year	<u>\$ 577,046</u>	<u>\$ 463,130</u>	<u>\$ 1,040,176</u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2023**

	<u>2015 Refunding</u>	<u>2017 Debt</u>	<u>2020 Debt</u>	<u>Total Nonmajor Debt Service</u>
ASSETS				
Cash and cash equivalents	\$ 357,336	\$ 391,847	\$ 111,633	\$ 860,816
Prepays	375	500	333	1,208
Taxes receivable	<u>903</u>	<u>982</u>	<u>306</u>	<u>2,191</u>
TOTAL ASSETS	<u>\$ 358,614</u>	<u>\$ 393,329</u>	<u>\$ 112,272</u>	<u>\$ 864,215</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to other funds	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 3,000</u>
FUND BALANCES				
Nonspendable				
Prepays	375	500	333	1,208
Restricted for debt service	<u>357,208</u>	<u>391,796</u>	<u>110,931</u>	<u>859,935</u>
TOTAL FUND BALANCES	<u>357,583</u>	<u>392,296</u>	<u>111,264</u>	<u>861,143</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 358,614</u>	<u>\$ 393,329</u>	<u>\$ 112,272</u>	<u>\$ 864,215</u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2023**

	2015 Refunding	2017 Debt	2020 Debt	Total Nonmajor Debt Service
REVENUES				
Local sources				
Property taxes	\$ 3,614,191	\$ 4,122,838	\$ 1,374,614	\$ 9,111,643
Investment earnings	45,636	45,921	16,661	108,218
TOTAL REVENUES	<u>3,659,827</u>	<u>4,168,759</u>	<u>1,391,275</u>	<u>9,219,861</u>
EXPENDITURES				
Principal repayment	2,620,000	1,575,000	345,000	4,540,000
Interest expense	1,012,000	2,551,850	1,009,100	4,572,950
Other costs	2,342	2,542	1,127	6,011
TOTAL EXPENDITURES	<u>3,634,342</u>	<u>4,129,392</u>	<u>1,355,227</u>	<u>9,118,961</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>25,485</u>	<u>39,367</u>	<u>36,048</u>	<u>100,900</u>
FUND BALANCES				
Beginning of year	<u>332,098</u>	<u>352,929</u>	<u>75,216</u>	<u>760,243</u>
End of year	<u>\$ 357,583</u>	<u>\$ 392,296</u>	<u>\$ 111,264</u>	<u>\$ 861,143</u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
COMBINED DEBT SERVICE REQUIREMENTS
JUNE 30, 2023**

Fiscal Year Ending June 30,	2015 Refunding Debt	2017 Debt	2020 Debt	Combined
2024	\$ 3,486,000	\$ 4,278,850	\$ 1,645,300	\$ 9,410,150
2025	3,340,750	4,417,250	1,884,300	9,642,300
2026	3,171,250	4,537,250	1,912,700	9,621,200
2027	2,998,750	4,699,250	1,893,500	9,591,500
2028	2,873,500	4,616,250	1,853,500	9,343,250
2029	2,703,250	4,828,000	1,813,500	9,344,750
2030	2,525,250	4,688,000	1,763,500	8,976,750
2031	-	4,648,000	1,713,500	6,361,500
2032	-	4,503,000	1,663,500	6,166,500
2033	-	4,358,000	1,613,500	5,971,500
2034	-	4,213,000	1,563,500	5,776,500
2035	-	4,088,000	1,523,500	5,611,500
2036	-	3,942,000	1,473,000	5,415,000
2037	-	3,796,000	1,432,500	5,228,500
2038	-	3,650,000	1,381,500	5,031,500
2039	-	3,504,000	1,330,500	4,834,500
2040	-	3,358,000	1,289,500	4,647,500
2041	-	3,212,000	1,238,000	4,450,000
2042	-	3,066,000	1,196,500	4,262,500
2043	-	-	1,149,500	1,149,500
2044	-	-	1,097,250	1,097,250
	<u>\$ 21,098,750</u>	<u>\$ 78,402,850</u>	<u>\$ 32,432,050</u>	<u>\$ 131,933,650</u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
SCHEDULE OF BONDED DEBT SERVICE REQUIREMENTS
2015 REFUNDING DEBT SERIES
JUNE 30, 2023**

2015 Debt Series

Fiscal Year	Principal Due May 1	Interest Due		Total Due Annually
		November 1	May 1	
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	\$ 17,620,000	\$ 1,739,375	\$ 1,739,375	\$ 21,098,750

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

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
SCHEDULE OF BONDED DEBT SERVICE REQUIREMENTS
2017 DEBT SERIES
JUNE 30, 2023**

2017 Debt Series

Fiscal Year	Principal Due May 1	Interest Due		Total Due Annually
		November 1	May 1	
2024	\$ 1,790,000	\$ 1,244,425	\$ 1,244,425	\$ 4,278,850
2025	2,000,000	1,208,625	1,208,625	4,417,250
2026	2,200,000	1,168,625	1,168,625	4,537,250
2027	2,450,000	1,124,625	1,124,625	4,699,250
2028	2,465,000	1,075,625	1,075,625	4,616,250
2029	2,800,000	1,014,000	1,014,000	4,828,000
2030	2,800,000	944,000	944,000	4,688,000
2031	2,900,000	874,000	874,000	4,648,000
2032	2,900,000	801,500	801,500	4,503,000
2033	2,900,000	729,000	729,000	4,358,000
2034	2,900,000	656,500	656,500	4,213,000
2035	2,920,000	584,000	584,000	4,088,000
2036	2,920,000	511,000	511,000	3,942,000
2037	2,920,000	438,000	438,000	3,796,000
2038	2,920,000	365,000	365,000	3,650,000
2039	2,920,000	292,000	292,000	3,504,000
2040	2,920,000	219,000	219,000	3,358,000
2041	2,920,000	146,000	146,000	3,212,000
2042	2,920,000	73,000	73,000	3,066,000
Total 2017 bonded debt	\$ 51,465,000	\$ 13,468,925	\$ 13,468,925	\$ 78,402,850

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, 2023**

2020 Debt Series

Fiscal Year	Principal Due May 1	Interest Due		Total Due Annually
		November 1	May 1	
2024	\$ 650,000	\$ 497,650	\$ 497,650	\$ 1,645,300
2025	915,000	484,650	484,650	1,884,300
2026	980,000	466,350	466,350	1,912,700
2027	1,000,000	446,750	446,750	1,893,500
2028	1,000,000	426,750	426,750	1,853,500
2029	1,000,000	406,750	406,750	1,813,500
2030	1,000,000	381,750	381,750	1,763,500
2031	1,000,000	356,750	356,750	1,713,500
2032	1,000,000	331,750	331,750	1,663,500
2033	1,000,000	306,750	306,750	1,613,500
2034	1,000,000	281,750	281,750	1,563,500
2035	1,010,000	256,750	256,750	1,523,500
2036	1,010,000	231,500	231,500	1,473,000
2037	1,020,000	206,250	206,250	1,432,500
2038	1,020,000	180,750	180,750	1,381,500
2039	1,020,000	155,250	155,250	1,330,500
2040	1,030,000	129,750	129,750	1,289,500
2041	1,030,000	104,000	104,000	1,238,000
2042	1,040,000	78,250	78,250	1,196,500
2043	1,045,000	52,250	52,250	1,149,500
2044	1,045,000	26,125	26,125	1,097,250
Total 2020 bonded debt	<u>\$ 20,815,000</u>	<u>\$ 5,808,525</u>	<u>\$ 5,808,525</u>	<u>\$ 32,432,050</u>

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

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
CAPITAL PROJECTS FUND - SINKING FUNDS
DETAIL OF EXPENDITURES
YEAR ENDED JUNE 30, 2023**

2019 SINKING FUND EXPENDITURES	
Donley Elementary	\$ 2,723
Glencairn Elementary	942
Marble Elementary	3,432
Robert L. Green Elementary	4,512
Red Cedar Elementary	940
Whitehills Elementary	3,642
MacDonald Middle School	338,238
East Lansing High School	3,431,241
Other	<u>640</u>
 TOTAL EXPENDITURES	 <u><u>\$ 3,786,310</u></u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
2020 CAPITAL PROJECTS FUND
DETAIL OF EXPENDITURES
YEAR ENDED JUNE 30, 2023**

EXPENDITURES	
Donley Elementary	\$ 485,457
Glencairn Elementary	401,694
Marble Elementary	397,637
Robert L. Green Elementary	337,613
Red Cedar Elementary	964,876
Whitehills Elementary	<u>404,890</u>
 TOTAL EXPENDITURES	 <u><u>\$ 2,992,167</u></u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
 STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
 AND NET POSITION BY SCHOOL - CUSTODIAL FUND
 YEAR ENDED JUNE 30, 2023**

	Net Position 7/1/22	Additions	Deductions	Net Position 6/30/23
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, 2023**

Federal Grantor/Pass-through Grantor/ Program Title	Federal ALN Number	Pass- through Grantor's Number	Approved Grant Award Amount	Accrued (unearned) Revenue 7/1/2022	(Memo Only) Prior Year Expenditures	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued (unearned) Revenue 6/30/2023
<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	\$ 126,045	\$ -	\$ -	\$ -	\$ 126,045	\$ 126,045	\$ -
National School Lunch Program - bonus			8,088	-	-	-	8,088	8,088	-
Total non-cash assistance			134,133	-	-	-	134,133	134,133	-
Cash Assistance									
National School Lunch Program	10.555	221960	97,706	-	-	-	97,706	97,706	-
National School Lunch Program		231960	567,431	-	-	-	567,431	567,431	-
National School Lunch Program		220910	81,398	-	-	-	81,398	81,398	-
National School Lunch Program		230910	46,319	-	-	-	46,319	46,319	-
			792,854	-	-	-	792,854	792,854	-
Total ALN 10.555			926,987	-	-	-	926,987	926,987	-
School Breakfast Program	10.553	221970	14,866	-	-	-	14,866	14,866	-
School Breakfast Program		231970	114,872	-	-	-	114,872	114,872	-
Total ALN 10.553			129,738	-	-	-	129,738	129,738	-
Extended Summer Food Service Program	10.559	220904	7,598	7,598	76,460	-	-	7,598	-
Extended Summer Food Service Program		220900	9,482	-	-	-	9,482	9,482	-
Extended Summer Food Service Program		230900	12,532	-	-	-	12,532	-	12,532
Total ALN 10.559			29,612	7,598	76,460	-	22,014	17,080	12,532
Total Child Nutrition Cluster			1,086,337	7,598	76,460	-	1,078,739	1,073,805	12,532
Local Food for Schools	10.185	230985	13,650	-	-	-	5,150	5,150	-
COVID-19 Pandemic EBT Local Cost Levels	10.649	220980-2022	3,135	-	-	-	3,135	3,135	-
Total Cash Assistance			968,989	7,598	76,460	-	952,891	947,957	12,532
Total U.S. Department of Agriculture			1,103,122	7,598	76,460	-	1,087,024	1,082,090	12,532

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The accompanying notes are an integral part of this schedule.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-through Grantor/ Program Title	Federal ALN Number	Pass- through Grantor's Number	Approved Grant Award Amount	Accrued (unearned) Revenue 7/1/2022	(Memo Only) Prior Year Expenditures	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued (unearned) Revenue 6/30/2023
U.S. Department of Education									
Passed through Michigan Department of Education									
Title I Grants to Local Educational Agencies	84.010	221530-2122	\$ 494,869	\$ 138,222	\$ 466,965	\$ -	\$ 8,003	\$ 146,225	\$ -
Title I Grants to Local Educational Agencies		231530-2223	405,710	-	-	-	374,884	278,768	96,116
Total ALN 84.010			900,579	138,222	466,965	-	382,887	424,993	96,116
English Language Acquisition State Grants	84.365	220580-2122	45,552	1,560	42,774	-	-	1,560	-
English Language Acquisition State Grants		230580-2223	34,532	-	-	-	33,248	28,671	4,577
Total ALN 84.365			80,084	1,560	42,774	-	33,248	30,231	4,577
Supporting Effective Instruction State Grants	84.367	220520-2122	79,829	21,697	73,714	-	-	21,697	-
Supporting Effective Instruction State Grants		230520-2233	80,974	-	-	-	79,752	59,771	19,981
Total ALN 84.367			160,803	21,697	73,714	-	79,752	81,468	19,981
Student Support and Academic Enrichment	84.424	220750-2122	28,608	8,259	28,608	-	-	8,259	-
Student Support and Academic Enrichment		230750-2223	28,863	-	-	-	28,863	21,599	7,264
Total ALN 84.424			57,471	8,259	28,608	-	28,863	29,858	7,264
Education Stabilization Fund									
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II Formula Funds)									
	84.425D	213712-2021	1,236,505	118,172	1,236,505	-	-	118,172	-
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER III)									
	84.425U	213713-2122	2,778,990	422,002	903,124	-	1,875,866	2,161,706	136,162
		213723-2122	1,256,902	550,185	550,185	-	603,014	1,069,922	83,277
Total ALN 84.425			5,272,397	1,090,359	2,689,814	-	2,478,880	3,349,800	219,439
Total passed through Michigan Department of Education			6,471,334	1,260,097	3,301,875	-	3,003,630	3,916,350	347,377

The accompanying notes are an integral part of this schedule.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-through Grantor/ Program Title	Federal ALN Number	Pass- through Grantor's Number	Approved Grant Award Amount	Accrued (unearned) Revenue 7/1/2022	(Memo Only) Prior Year Expenditures	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued (unearned) Revenue 6/30/2023
<u>U.S. Department of Education</u>									
Passed through Ingham County Intermediate School District									
Special Education Cluster									
Special Education Flowthrough Grants	84.027	210450-2021	\$ 2,455	\$ 2,323	\$ 2,323	\$ -	\$ 132	\$ 2,455	\$ -
Special Education Preschool Grants	84.173	220460-2022	28,961	28,961	28,961	-	-	28,961	-
Special Education Preschool Grants		230460-2023	32,720	-	-	-	32,720	-	32,720
Special Education Preschool Grants		221285-2122	15,000	-	-	-	325	-	325
Total ALN 84.173			<u>76,681</u>	<u>28,961</u>	<u>28,961</u>	<u>-</u>	<u>33,045</u>	<u>28,961</u>	<u>33,045</u>
Total Special Education Cluster			<u>79,136</u>	<u>31,284</u>	<u>31,284</u>	<u>-</u>	<u>33,177</u>	<u>31,416</u>	<u>33,045</u>
Total U.S. Department of Education			<u>6,550,470</u>	<u>1,291,381</u>	<u>3,333,159</u>	<u>-</u>	<u>3,036,807</u>	<u>3,947,766</u>	<u>380,422</u>
<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	25,843	-	-	-	25,843	25,843	-
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	222810-HRA2022	110,389	50,954	110,389	-	-	50,954	-
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases		232810-HRA2023	112,000	-	-	-	86,229	36,741	49,488
Total ALN 93.323			<u>222,389</u>	<u>50,954</u>	<u>110,389</u>	<u>-</u>	<u>86,229</u>	<u>87,695</u>	<u>49,488</u>
Total U.S. Department of Health and Human Services			<u>248,232</u>	<u>50,954</u>	<u>110,389</u>	<u>-</u>	<u>112,072</u>	<u>113,538</u>	<u>49,488</u>
<u>U.S. Department of Transportation</u>									
Passed through Michigan Fitness Foundation									
Highway Research and Development Program	20.200	N/A	49,553	6,133	20,080	-	16,907	17,193	5,847
TOTAL FEDERAL AWARDS			<u>\$ 7,951,377</u>	<u>\$ 1,356,066</u>	<u>\$ 3,540,088</u>	<u>\$ -</u>	<u>\$ 4,252,810</u>	<u>\$ 5,160,587</u>	<u>\$ 448,289</u>

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The accompanying notes are an integral part of this schedule.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

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, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District of the City of East Lansing it is not intended to and does not present the financial position or changes in net position of the School District of the City of East Lansing.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 - RECONCILIATION WITH AUDITED FINANCIAL STATEMENTS

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

General fund	\$ 3,168,921
Other nonmajor governmental funds	<u>1,083,889</u>
Total federal revenue in the fund financial statements	<u><u>\$ 4,252,810</u></u>



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School District of the City of East Lansing, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise School District of the City of East Lansing's basic financial statements, and have issued our report thereon dated September 11, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Maney Costeiran PC

September 11, 2023

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited School District of the City of East Lansing's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of School District of the City of East Lansing's major federal programs for the year ended June 30, 2023. School District of the City of East Lansing's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, School District of the City of East Lansing complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Maney Costeiman PC

September 11, 2023

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

Section I - Summary of Auditor's Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

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

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

Unmodified

Any audit findings that are required to be reported in accordance with Title 2 CFR Section 200.516(a)? _____ Yes X No

Identification of major programs:

ALN Number(s)	Name of Federal Program or Cluster
84.425	Education Stabilization Fund
10.553, 10.555, and 10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X Yes _____ No

Section II - Financial Statement Findings

None noted

Section III - Federal Award Findings and Question Costs

None noted

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2023**

There were no prior year audit findings disclosed.



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September 11, 2023

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School District of the City of East Lansing for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the School District of the City of East Lansing are described in Note 1 to the financial statements. As described in Note 12 to the financial statements, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 96 *Subscription-based IT Arrangements*, during the year ended June 30, 2023. Accordingly, the cumulative effects of the accounting changes are reported in the applicable financial statements and note disclosures. We noted no transactions entered into by the School District of the City of East Lansing during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

We evaluated the key factors and assumptions used to develop these accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 11, 2023.

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 School District of the City of East Lansing 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 School District of the City of East Lansing auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

Restriction on Use

This information is intended solely for the use of the management and members of the Board of Education of 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

10.5.2023

Ms. Tali Faris-Hylen,
Secretary of the East Lansing Public Schools Board of Education

I would like to be considered for the open ELPS Board of Education position. I am a long-term East Lansing resident. My two daughters went through the entire EL school system, graduated, went to college, and have successful careers. My background in education is as a faculty member in the MSU Department of Chemistry, where I am now an emeritus Professor.

I have a long-standing interest in education, at all levels. At some point I taught in the EL elementary school program through Junior Great Books. I must say, having taught a variety of subjects to college undergraduate and graduate students, interacting with second graders on Junior Great Books topics that center on what constitutes an ethical life, was as enjoyable, and informative to me, as any of my academic teaching.

As a regular reader of the East Lansing Information publication (which is how I know about the availability of this position) I am quite aware of the current problems facing the ELPS system. They are not new, nor unique to EL. I have been thinking for some time about how to reduce the temperature, and to get back to the goal of educating the best prepared students to go on to successful careers. In my view, maximizing each child's potential and instilling a moral center in them will go a long way to reducing conflicts in the ELPS system.

My plan had been to run for the ELPS Board in the normal cycle though I realized that that is quite far in the future, so I welcome this opportunity to serve at an earlier date.

Sincerely yours,

Robert I. Cukier

Tali Faris-Hylen
Secretary, Board of Education
501 Burcham Dr.
East Lansing, MI 48823

October 3, 2023

Dear Ms. Faris-Hylen,

Please accept this letter of interest to fill the current vacancy on the East Lansing Public Schools Board of Education. I am a proud graduate of the ELPS district, the mother of three children currently enrolled in the district, and a career educator with a focus on curriculum assessment, accreditation, and the support of student success. These skills and experiences, I believe, would allow me to effectively serve the children and families of this school district, and the community more broadly.

I have deep roots in this community and in the state. After attending Glencairn Elementary and Hannah Middle School, I graduated from East Lansing High School in 1991. I became the fourth generation in my family to receive a degree from the University of Michigan in 1995 (BA, Anthropology). Like many Michiganders at the time, I left the state to pursue other economic and educational opportunities, receiving my MA and then PhD in Anthropology from the University of Arizona in 2003. I taught at the Universidade do Algarve, in Faro, Portugal; Southern Illinois University Carbondale; and the University of Minnesota Morris. After fifteen years at UMN Morris, I was presented with a rare opportunity to return home to this community that I love. Last year, I began my current position as Director of Assessment for the Office of Undergraduate Education at Michigan State University.

My own children have attended a small religious school (St. Mary's School in Morris, Minnesota), a rural public consolidated school (the Morris Area Public Schools) an online public school (Minnesota Virtual Academy) and now, the East Lansing Public Schools. My children are a (recent Glencairn Elementary graduate) 6th grader and an 8th grader at MacDonald Middle School, and a senior in high school. They have greatly benefited from the opportunities in the ELPS district, including school counselors, college guidance, sports, the school newspaper, countless clubs, and of course the mentorship of excellent teachers. As a parent and educator, I understand the importance of not just excellent classes and teachers, but also supporting the student as a whole person, through community and parent involvement, co-curriculars, wellness, and college counseling.

Although I have only been back in East Lansing for a short time, I have always been involved in my children's schools. I served as a member and chair of the grants committee at St. Mary's School and collaborated with many elementary and middle-school teachers to enrich their classrooms and better fulfill the state-mandated science curriculum.

In Minnesota, I was an award-winning teacher, full professor of anthropology, chair of the anthropology/sociology division, chair of multiple department and campus-wide committees, and, most

importantly, faculty lead on accreditation and originator of the curricular and co-curricular assessment program across campus. At MSU, I have continued my work on accreditation, student success, and the assessment of student learning.

I believe these experiences would bring the following benefits to the school district:

- 1) As an anthropologist and a professor at a Non-Tribal Native American Serving Institution with 30% Indigenous student enrollment, I can testify to the importance of diversity and inclusion in creating truly excellent educational experiences that benefit all. Furthermore, I have experience in navigating the fraught conversations around education, administration, race, ethnicity, and bias.
- 2) I am an expert on assessing student learning, academic curricula, and program performance in and out of the classroom. In addition to carrying out such assessments, I train other educators in better pedagogical practices around learning outcomes and assessment. My current position focuses on improving student success by improving student services, particularly by closing equity gaps.
- 3) I have played important roles in accreditation for both UMN Morris and, now, at Michigan State University, where I partner with colleagues in the Office of Undergraduate Education and the Office of the Provost to implement a required Academic Program Review process. I have experience with navigating state-mandated education standards at the K-12 level, as well.

I am the proud product of public schools, from kindergarten through my PhD. My children and I have benefitted extensively from the ELPS district. I would appreciate an opportunity to give back to the community.

Thank you for your consideration,

A handwritten signature in black ink that reads "Rebecca M. Dean". The signature is written in a cursive, flowing style.

Rebecca M. Dean, PhD
918 Crown Blvd
East Lansing, MI 48823
320 288-8991
Rebecca_M_Dean@yahoo.com

D

Rebecca Dean



ADDRESS

918 Crown Blvd
East Lansing, MI
48823



PHONE

320 288-8991



EMAIL

rebecca_m_dean@yahoo.com

EXPERIENCE

2022– Present

Director of Assessment • Office of Undergraduate Education • Michigan State University

2007– 2022

Professor of Anthropology • Division of Social Sciences • University of Minnesota Morris

2015– 2022

Assessment Chair/Coordinator • University of Minnesota Morris • Morris, MN

Educator, specialist in higher education assessment, student success, and accreditation

EDUCATION

University of Arizona, Tucson, AZ
Ph.D and MA (Anthropology) - 2003

University of Michigan, Ann Arbor, MI
BA (Anthropology) - 1995

East Lansing High School, East Lansing, MI
High School Graduate - 1991

COMMUNICATION

Author of 35 professional papers. Primary responsibility for professional development in assessment at UMN Morris and MSU Office of Undergraduate Ed. Award-winning teacher.

LEADERSHIP

Coordinator of anthropology/sociology discipline at UMN Morris; Chair of multiple cross-campus committees; Faculty leader for general education reform, accreditation, and assessment efforts.

REFERENCES

Available on request

MICHIGAN STATE UNIVERSITY

October 4, 2023

Members of the Board of Education

My name is Dr. Scott Farver, and I am writing today with the intent to inform you of my interest in putting my name forward for consideration for the open seat on the East Lansing School Board.

Why am I Interested?

Quite honestly, I have never had a burning desire to become a member of a local school board. I did not think that politics were in my blood. However, as we look at the political landscape across our country, and see the ways many boards are operating from places of fear instead of love, I see it as critical that we have community members who center justice and equity in their lives helping guide our schools.

I believe I center this type of justice-oriented love in my work and in my life, and that I could be a valuable member of this team. I am committed to continuing the great work this board has been engaging in, while continuing to listen to community needs.

It's fitting that I'm writing this in the middle of Banned Books Week—a time to celebrate the freedom to read and learn and love, and speak back to those who wish to limit those freedoms. I am proud that this school board has not been driven by fear and ignorance, but rather is committed to the expression of thoughts and ideas—that is one reason I would be honored to serve on this particular board.

I know the last few weeks and months have been difficult for the board as we think collectively about issues of safety and what is best for our students, and try to balance our beliefs in justice with community concerns for safety. This particular issue is not an easy one to figure out, and one I believe does not have an easy answer. I do, however, feel that if selected, I would be able to bring my perspectives and understandings of justice to the board as we continue this (and so much other) important work.

My Career

I am a career educator working now as an Assistant Professor at Michigan State University in the department of Teacher Education. I began my career as a college student working as a substitute teacher in local public school districts. Later in college, before I graduated, I was able to teach high school German via Interactive TV (an antique precursor to Zoom!) in the Gratiot-Isabella ISD for 2 years. After graduating college with a teaching degree in German and History, I moved to California and served as the director of a private, after-school and summer elementary program in the Bay Area for 2 years. After getting married, my wife and I joined the Peace Corps, and I worked alongside Filipino counterparts teaching in a rural elementary and special education school in the Philippines for 2 years. We returned to the US—choosing to move to New Mexico, where I taught 4th and 5th grade at a public elementary school near the Navajo Nation for 4 years. I then got a chance to work full time for 2 years at Western New Mexico University in their Teacher Education department. We then made the difficult decision to move back to Michigan as I was accepted to the Ph.D. program at Michigan State University.



**College of
Education**

**Department of
Teacher Education**

Erickson Hall
620 Farm Lane
East Lansing, MI
48824

517-353-6393
Fax: 517-432-2718
education.msu.edu

We moved to East Lansing in 2014 for me to begin my studies. I taught courses and worked with teachers in the region during my 5 year doctoral program, graduating with my doctorate in 2019. After graduating, I was fortunate to be able to stay in my department, and for the last 4 years I have taught and led foundational courses on justice and equity in the Teacher Education Department.

My work at MSU connects directly to justice and equity. The classes I teach, the scholarship I write, and the work I do with colleagues and students—everything I do in my professional life as a scholar, teacher, and teacher educator emanates from the central tenet of justice and equity. I am constantly learning (and unlearning) what it means to do this work as a white, cis, able-bodied male, and I am continuing to learn what it means to move past ally-ship into what Love (2019) calls co-conspiracy. My hope is that I can bring this stance in any work I would do with the ELPS board.

My Family

My family and I are intricately entwined with East Lansing Public Schools. Our two oldest children are both 10th graders at East Lansing High School. Brayden, who is 17, has a Cognitive Impairment, and we have navigated the Special Education services in ELPS with him since we arrived in the district in 2014. Sierra is 15 and is involved in High School Band. Both kiddos are involved in a number of clubs and sports. Our youngest, Ma'Daliyon is a kindergartner at Marble Elementary and is thrilled to be in “real” school. My wife, Erin, has been a teacher for 16 years, and this is her third year teaching 5th grade at Marble.

Having students in both general and special education, as well as in both high school and elementary school, as well as having a partner who is a teacher in the district, offers me an incredible amount of insight into what is working with our district, as well as what we might improve upon. I feel fortunate to have all of these entry points to better understand some of the nuances of our incredible district.

Thank you for your consideration.

Regardless of the Board’s decision, I hope we as a district continue to engage students, families, teachers, staff, and administration with justice and equity, centering love in all we do. It is exciting to think about how we as a district and community will continue to grow and thrive in the next weeks, months, and years!

A handwritten signature in black ink that reads "Scott D. Farver". The signature is written in a cursive style with a long, sweeping underline that extends to the left and then curves back under the name.

Scott D. Farver, Ph.D.

October 5, 2023

Michael R. Feldpausch
1945 N. Harrison Rd.
East Lansing, MI 48823

Tali Faris-Hylen
Secretary of the Board of Education
East Lansing Public Schools
501 Burcham Dr. East Lansing, MI 48823

Dear Tali:

I am emailing this letter to apply for the East Lansing Board of Education position recently vacated by Monica Fink. I bring to the board a perspective outside of education, rich in real world experience of evaluating and hiring for my small business, making decisions based on the marketplace and succeeding over 15 years after a start from scratch. I am college educated with a bachelor degree from Michigan State University. I spoke at most board meetings during a one-year period in 2021 and 2022. The focus in my business life is on results. My focus as a board member would be the same. I volunteered as a Big Brother for 10 years, coached youth basketball, football and baseball in Lansing and East Lansing, including for my two East Lansing elementary school sons. I have served on church councils and have been an election volunteer in East Lansing. It would be an honor to serve on the East Lansing Board of Education and I thank the board for its consideration.

Sincerely,

Michael R. Feldpausch
(517) 582-1083
mfeldpausch62@gmail.com

Tiffany Matthews

1331 Marble Rd.
East Lansing, MI 48823
517.775.3969
MatthewsTiffanyJade@gmail.com

October 6, 2023

East Lansing Public Schools Board of Education
Tali Faris-Hylen, Secretary of the Board of Education
501 Burcham Dr,
East Lansing, MI 48823

Dear Trustees of the East Lansing Public Schools Board of Education,

I am writing to express my interest in serving as a member of the East Lansing Public Schools Board of Education. As a dedicated parent, committed advocate for education, and community member, I am deeply committed to the success and well-being of our local schools and the students they serve.

My passion for education and my dedication to the well-being of our students and schools have motivated me to pursue this opportunity. Throughout my professional career and community involvement, I have developed a deep understanding of the challenges and opportunities facing our schools, which has inspired me to take a more active role in shaping their future.

My background and qualifications for this role include:

Educational Background: Michigan State University; Bachelor of Arts. University of Phoenix; Master of Business Administration-Accounting.

Professional Expertise: Twelve years of public service working in governmental finance for the State of Michigan. This has equipped me with the skills necessary to analyze complex issues, make informed decisions, and work collaboratively with diverse stakeholders.

Educational Advocacy: Since our family entered the district in 2015, I have actively participated in various school-related initiatives, fundraising campaigns, and community outreach programs. Before moving to the East Lansing school district I was the secretary of the Pleasant-View Magnet school PTO for 4 years. This hands-on experience has given me insight into the challenges and opportunities facing our schools.

Community Involvement: I am a long time volunteer with the Kappa Express Football and Cheerleading program in Lansing.

Commitment to Equity: I am deeply committed to advancing equity and inclusivity in our schools, ensuring that every student has access to a high-quality education regardless of their background or circumstances.

If appointed to the East Lansing Public Schools Board of Education, I will work diligently to:

- ❖ Advocate for policies that enhance educational outcomes for all students.
- ❖ Promote transparency and open communication between the board, school administration, teachers, parents, and the community.
- ❖ Prioritize fiscal responsibility while ensuring that resources are allocated effectively to support educational excellence.
- ❖ Collaborate with stakeholders to address the unique challenges and opportunities facing our district.
- ❖ Champion innovative and evidence-based approaches to education, health and overall wellness that prepare our students for success in a rapidly changing world.

I am eager to work collaboratively with the current Board of Education members, educators, parents, and East Lansing community members to ensure that our schools continue to provide an excellent education for every student. I am also committed to transparency, accountability, and the responsible allocation of resources to support our schools in achieving their full potential.

Thank you for considering my application. I am excited about the possibility of serving our community in this capacity and contributing to the continued success of our schools. I would welcome the opportunity to discuss my candidacy further and answer any questions you may have about my qualifications or vision for the school district.

Sincerely,

A handwritten signature in black ink that reads "Tiffany Matthews". The signature is written in a cursive, flowing style.

Tiffany Matthews

October 5, 2023

Secretary of the East Lansing Schools Board of Education
501 Burcham Dr, East Lansing MI 48823

East Lansing Schools Board of Education selection committee:

Please accept my letter of interest in serving as an East Lansing Board member. As a sixteen-year resident of East Lansing and a parent of two East Lansing alumna, I have appreciated the vast resources, support, and care the East Lansing Public School District has afforded my family. When my family moved to this community in the summer of 2007, we were greeted by our neighbor, Jo Preston, who would be my children's principal in the fall. She offered to walk my children through Marble Elementary to assist in the transition. Our family did not expect the principal of our children's school to assemble a gift basket thoughtfully, create a list of must-see places in the area, and offer to walk our family through a school that would be part of our lives for five years. At that moment, I knew my family made the right choice in moving to East Lansing.

Since then, my family has supported the schools by volunteering in classrooms, helping with sporting and orchestra events, and attending countless other district-wide activities. My children were incredibly active in all that East Lansing Public Schools had to offer; therefore, our entire family supported the ELPS community. Additionally, since arriving in the area, I have worked closely with Greater Lansing area Indigenous and Latine families through culturally supportive community events and K-12 afterschool programming. Beginning in the Fall of 2022, I began to work with a high school in Detroit to develop high school programming around arts, ecology, and urban forestry. Through these commitments, I have maintained a connection to various schools and educational settings and, more importantly, built relationships with families from diverse backgrounds. My intent has always been and continues to be to create spaces where students, parents, teachers, and community members across demographics feel supported and heard.

If selected, I can bring my diverse in and out-of-school experiences to the EL Schools Board of Education as a resource. In over the decade and a half of working alongside local schools, I have worked diligently to build trust by listening to students, parents, caregivers, teachers, administrators, and community leaders. This trust has led to co-developing projects and programming addressing concerns emerging from these discussions. Through this process, I have learned that best practices are founded in understanding community resources, setting realistic agreed upon expectations, and intentionally building in space for earnest dialogue inclusive of all stakeholders. I will bring these skills, resources, and knowledge to support the School Board's commitment to creating an excellent, supportive, equitable, and inclusive East Lansing Public School community.

Through this brief letter, I hope I have impressed my genuine interest in supporting a school community that has meant so much to our family and the community.

Thank you for your time and consideration,



J. Estrella Torrez
614 Sunset Lane, East Lansing MI 48823
(517) 242-8769
torrezjs@gmail.com



East Lansing
Public Schools

MEMORANDUM

TO: ELPS Board of Education, Dori Leyko, Superintendent

FROM: Richard Pugh, Director of Finance & Operations

SUBJECT: Action Item – Audited Financial Statements for the Year Ended June 30, 2023

DATE: October 4, 2023

Recommendation:

It is recommended that the Board of Education accept the audited financial statements for the year ended June 30, 2023 as presented.

Background:

Districts are required to have an annual independent audit of its year-end financial statements. The attached audited financial statements will be posted to the District's website per transparency reporting requirements. Dave Nielsen, Principal from Maner Costerisan, CPAs reviewed the audited financial statements with the Finance Committee on September 27, 2023. Brad Pung, Manager from Maner Costerisan, CPAs will present the audited financial statement to the Board of Education on October 9, 2023.

The June 30, 2023 General Fund fund balance is \$15,501,954 (28.0% of total revenues and other financing sources) or an increase of \$818,963 from prior year. Fund balance continues to be bolstered by Federal funding related to the pandemic. Approximately \$2.6 million dollars of "one-time" revenue was received. The ending fund balance is an increase over the final budget revision by \$1,392,710. Page 55 of the Report on Financial Statements is a nice summary of the General Fund budget to actual results.



East Lansing
Public Schools

MEMORANDUM

TO: ELPS Board of Education, Dori Leyko, Superintendent

FROM: Richard Pugh, Director of Finance & Operations

SUBJECT: Action Item – PA 152 Resolution (80/20 vs Hard Cap) Resolution

DATE: October 4, 2023

Recommendation:

It is recommended that the Board of Education adopt the Resolution to Comply with PA 152 of 2011 as presented.

Background:

Since the inception of PA 152 of 2011 the Board has elected the 80/20 split (80% employer and 20% employee) of health care cost rather than electing the hard cap. Historically, it costs the Board more (and correspondingly the employee less) to elect 80/20 than the hard cap. For calendar year 2024, it is estimated that the costs to the Board is approximately \$263,000 more to elect 80/20 versus the hard cap. This amount is estimated based on the census at the time of the MESSA renewal reports.

From the 9-11-2023 BOE packet:

PA 152, of 2011 limited what a public employer may contribute to a medical benefit plan for its employees. This commonly referred to limit is either 80/20 (80% employer share, 20% employee share) or a hard cap. If a public employer fails to elect 80/20 the default is the hard cap limits that are indexed annually.

Hard cap limits are set annually, on a calendar year basis, by the Michigan Department of Treasury. School Boards may elect to have employees' pay not less than 20% of the healthcare premiums (now referred to as medical benefit plan costs) instead of defaulting to the hard cap. The Michigan Department of Treasury's interpretation of PA 152 is that Districts cannot have some groups under hard cap and others under 80/20. Rather, a District must be all hard cap or all 80/20.

The Board of Education's previous election of 80/20 was through December 31, 2023. I have updated the dates in the attached 80/20 resolution from the one the Board previously adopted.

The Finance Committee will review the PA 152 Resolution at their meeting on September 27, 2023. A recommendation to the Board will follow.

**EAST LANSING PUBLIC SCHOOLS
RESOLUTION TO COMPLY WITH PUBLIC ACT 152 OF 2011**

East Lansing Public Schools, Ingham and Clinton Counties Michigan (the “District”).

A regular meeting of the Board of Education (the “Board”) of the District was held **in the Board Room of the Administrative Office at 509 Burcham Drive, East Lansing, Michigan** on the **9th day of October, 2023**, at 7:00 o’clock p.m.

The meeting was called to order at ___ o’clock, p.m., by _____.

Members Present:

Members Absent:

The following preamble and resolution were offered by Member _____ and supported by Member _____:

WHEREAS:

1. Public Act 152 of 2011 (the “Act”), commonly referred to as the Publicly Funded Health Insurance Contribution Act, became effective on September 27, 2011 and limits the monetary expenditures which the District may make towards the cost of employee medical benefit plans.

2. Section 4 of the Act allows the Board to comply with the requirements of the Act by paying not more than 80% of the total annual costs of all medical benefit plans that the District offers or contributes to for its eligible employees (and their eligible dependents), including the premium or illustrative rates of the medical benefit plans, as well as all employer payments for reimbursement of co-pays, deductibles, and payments into health savings accounts, flexible spending accounts, or similar accounts used for health care, instead of paying the specific monetary limitations (*i.e.*, “hard caps”) described in Section 3 of the Act.

3. The District offers or contributes to one or more such medical benefits plans for its qualifying employees through insurance policies/contracts between the District and one (1) or more companies or providers.

4. The Board has determined that it is in the District’s best interest to comply with Section 4 of the Act for medical benefit plans beginning on or after December 31, **2023** by paying not more than 80% of the total annual costs of all of the medical benefit plans that it offers or contributes to for its eligible employees (and their eligible dependents) as an alternative to compliance with Section 3 of the Act.

5. The Board recognizes its statutory obligation to bargain in good faith about health care benefits with those labor organizations that represent District employees.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The District declares that for medical benefit plan coverage years beginning on or after December 31, **2023**, and through December 31, **2024**, it shall comply with the Publicly Funded Health Insurance Contribution Act by limiting its payment for employee medical benefit plans to not more than 80% of the total annual costs of all medical benefit plans that it offers or contributes to for its eligible employees (and their eligible dependents), leaving payment responsibility for the remaining amount to the participating employees.

2. The District reserves the right to allocate the employee’s share of those total annual costs of the medical benefit plans among District employees as the District sees fit.

3. This resolution’s expiration date of December 31, **2024** shall not be interpreted to restrict or otherwise limit any subsequent action of the Board to elect to implement the specific monetary limitations (*i.e.*, “hard caps”) described in Section 3 of the Act, or to take any other lawful action related to the medical benefit plans that it offers

or contributes to for its employees. Unless this Board further extends its decision to comply with the Act by establishing the 80% contribution as permitted in Section 4 of the Act, the requirements of Section 3 of the Act shall become effective on January 1, 2025.

4. The Board will continue to bargain in good faith about health care benefits with those labor organizations that represent District employees.

5. The President and Secretary of the Board are authorized and directed to execute any and all documents which are necessary for the District to comply with the Act and to implement this resolution.

6. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution be and the same are rescinded.

Ayes:

Nays:

Resolution declared adopted.

Secretary, Board of Education

The undersigned, duly qualified and acting Secretary of the Board of Education of the East Lansing Public Schools, Ingham and Clinton Counties Michigan, certifies that the foregoing constitutes a true and complete copy of a resolution adopted by said Board of Education at a regular meeting held on October 9, 2023, the original of which is part of the Board's minutes. The undersigned certifies that notice of the meeting was given to the public pursuant to the provisions of the Michigan Open Meetings Act, 1976 PA 267, as amended.

Secretary, Board of Education



MEMORANDUM

TO: ELPS Board of Education, Dori Leyko, Superintendent

FROM: Richard Pugh, Director of Finance & Operations

SUBJECT: Action Item – Boiler Bids

DATE: October 4, 2023

Recommendation:

It is recommended that the Board of Education award the following boiler bids:

1. Boiler #1 heating tubes replacement to Myers Plumbing & Heating, Inc. in the amount of \$49,441.
2. Pool boiler replacement to Myers Plumbing & Heating, Inc. in the amount of \$36,700.

Background:

From the 9-11-2023 BOE packet:

The High School has two main boilers that supply heat throughout the building. The heating tubes in boiler #1 are leaking and need to be replaced. In addition, the High School pool boiler is failing. It is a two-stage boiler. Stage 1 is not functioning.

Below is a summary of the bids received for each boiler issue.

Bids to replace boiler #1 heating tubes:

- Myers Plumbing & Heating, Inc. \$49,441.00
- Hopkins Mechanical Services, LLC \$62,575.00

Bids to replace the pool boiler:

- Myers Plumbing & Heating, Inc. \$36,700.00
- John E Green Company \$46,800.00
- Hopkins Mechanical Services, LLC \$52,000.00

Each bid received is attached for your review. It is recommended that the Board of Education award the Retubing Boiler #1 and Pool Boiler bids to Myers Plumbing &

Heating, Inc. in the amount of \$49,441 and \$36,700 respectively. If approved the projects will be funded out of the Sinking Fund.



MEMORANDUM

TO: ELPS Board of Education, Dori Leyko, Superintendent
FROM: Klaudia Burton, Director of Equity and Social Justice
SUBJECT: Action Item – Updated Religious and Cultural Calendar
DATE: October 5, 2023

It is recommended the Board of Education adopt the revised Religious and Cultural Calendar, as presented.

Nowruz means “new day”. It is the Iranian new year celebrated by various nations. It is a festival based on the Iranian solar calendar that starts on the spring equinox and ends with a picnic day (to celebrate nature) on the 13th day of spring.

Nowruz will be celebrated on the following dates:

Holiday	Religion	2023-24	2024-25	2025-26
Persian Nowruz	Iranian	March 20 - April 1	March 20 - April 1	March 21 - April 2



**East Lansing Public Schools
Religious and Cultural Calendar**

The East Lansing Public Schools are committed to honoring the rich cultural diversity of our students and community. The calendar, adopted by the Board of Education, is designed to show respect for the cultural diversity in our district. The dates below are holidays of major significance to different religious and cultural groups in our community. To the extent possible, administrators, teachers, coaches, and event planners will be respectful of these dates as schedules and events are planned within our school district. Examples include, but are not limited to, major exams, reviews for exams, tryouts for teams or plays, and major events such as prom, graduations, banquets, or student elections.

If you are desirous of having a date or celebration considered for inclusion by the Board of Education, please contact the Superintendent's Office (517-333-7424).

Holiday	Religion	2023-2024	2024-2025	2025-2026
Krishna Janmashtami	Hindu	September 6, 2023	August 26, 2024	August 16, 2025
Muharram	Muslim	July 19, 2023	July 8, 2024	June 27, 2025
Rosh Hashanah	Jewish	September 15 - 17, 2023	October 2 - 4, 2024	September 22 - 24, 2025
Yom Kippur	Jewish	September 24 - 25, 2023	October 11 - 12, 2024	October 1 - 2, 2025
Navaratri	Hindu	October 15 - 24, 2023	October 3 - 12, 2024	September 22 - October 2, 2025
Dussehra	Hindu	October 24, 2023	October 12, 2024	October 2, 2025
Diwali	Hindu	November 12, 2023	November 1, 2024	October 20, 2025
Bodhi Day	Buddhist	December 8, 2023	January 18, 2024	January 7, 2025
Hanukkah	Jewish	December 7 - 15, 2023	December 25, 2024 - January 2, 2025	December 14 - 22, 2025
Christmas	Christian	December 25, 2023	December 25, 2024	December 25, 2025
Kwanzaa	African American	December 26, 2023 - January 1, 2024	December 26, 2024 - January 1, 2025	December 26, 2025 - January 1, 2026
Chinese New Year	Buddhist/East Asian	February 10, 2024	January 29, 2025	February 17, 2026
Ash Wednesday	Christian	February 14, 2024	March 5, 2025	February 18, 2026
*Magha Puja	Buddhist	February 4, 2024	February 13, 2025	March 4, 2026
Persian Nowruz	Iranian	March 20 - April 1, 2024	March 20 - April 1, 2025	March 21 - April 2, 2026
Holi	Hindu	March 25, 2024	March 14, 2025	March 4, 2026
Good Friday	Christian	March 29, 2024	April 18, 2025	April 3, 2026
Passover	Jewish	April 22 - 30, 2024	April 12 - 20, 2025	April 1 - 9, 2026
Easter	Christian	March 31, 2024	April 20, 2025	April 5, 2026
Orthodox Easter	Christian	May 5, 2024	April 20, 2025	April 12, 2026
Ramadan	Muslim	March 10 - April 9, 2024	February 28 - March 30, 2025	February 17 - March 28, 2026
Eid al-Fitr	Muslim	April 9 - 10, 2024	March 30 - 31, 2025	March 19 - 20, 2026
Vesak	Buddhist	May 23, 2024	May 12, 2025	April 8, 2026
Eid al-Adha	Muslim	June 16 - 17, 2024	June 6 - 7, 2025	May 26-27, 2026

**Jewish and Muslim holy days begin at sundown on the first day indicated.
*Observance of this day can vary based on region. Dates are based on the lunar calendar and should be checked every year.**



Explanatory Notes

- Ash Wednesday** – Begins Christian Lent; name derives from symbolic use of ashes to signify penitence.
- Bodhi Day** – The day many Buddhist traditions celebrate the enlightenment of the Buddha. This is a full day meant for remembrance and meditation.
- Chinese New Year** – East Asian holiday commemorating the lunar New Year.
- Christmas** – Christian holiday celebrating the birth of Jesus Christ.
- Diwali – Festival of Lights** – This holiday is typically celebrated by families sharing various traditional rituals in their homes. It extends over 5 days and celebrates the victory of good over evil.
- Easter** – Christian holiday celebrating the resurrection of Jesus Christ.
- Eid-al-Adha**, follows and marks the end of the Hajj pilgrimage to Mecca, also known as the Feast of Sacrifice, This festival commemorates Ibrahim’s (Abraham) willingness to sacrifice his son to God.
- Eid al-Fitr** is the first day of Shawwal in the Islamic calendar. It marks the end of the month-long fast of Ramadan and the start of a feast that lasts up to three days in some countries.
- Good Friday** – Christian Holiday commemorating the day of Jesus' crucifixion.
- Hanukkah** – Jewish festival of lights, eight-day commemoration of the rededication of the Second Temple in 165 B.C.E. Jewish families celebrate this holiday every night for 8 consecutive nights.
- Holi** – Festival of Spring or Festival of Colors. This day is typically celebrated by families in India, Nepal, and other parts of Asia by partaking in various regional traditions.
- Krishna Janmashtami** – A two-day festival celebrating the birth of Lord Krishna.
- Kwanzaa** – Seven-day celebration of African-American values and traditions and their continued vitality. "Kwanzaa" in Kiswahili, means "first fruits of the harvest."
- *Magha Puja**– Commemorates the date when the four disciples traveled to join the Buddha.
- Muharram** – Muslims observe the start of the Islamic New Year on the first day of **Muharram**, which is the first month in the Islamic calendar.
- Navratri/Dussehra** – The celebration and festival held in honor of the divine feminine. It occurs over 9 days and ends with Dussehra celebration on the tenth day.
- Passover** – Jewish Holiday - Seven day celebration marking the deliverance of the Jews from slavery in Egypt; "Seder" ceremonies emphasize concept of freedom. Jewish families usually have evening celebrations the first two nights of this holiday. Observant Jews follow a strict "Passover diet" during this time, abstaining from eating leavened breads. Please note that some Jews observe Passover for eight days.
- Persian Nowruz** - Nowruz means "new day". It is the Iranian new year celebrated by various nations. It is a festival based on the Iranian solar calendar that starts on the spring equinox and ends with a picnic day (to celebrate nature) on the 13th day of spring.
- Ramadan** – The ninth month in the Islamic calendar; month of prayer, charitable giving, self-accountability, and strict fasting from all food and drink from sunup to sundown.
- Rosh Hashanah** – Jewish New Year beginning 10 days of penitence concluded on Yom Kippur. Jewish families observe the holiday starting in the evening before the first full day, and many Jewish children will miss school the first and second days of this holiday.
- Vesak**– There are a variety of cultural traditions celebrating Buddha’s Birthday. Many Buddhist cultures celebrate the birth, Awakening, and death of the Buddha on Vesak.
- Yom Kippur** – The holiest day of the year; Jewish Day of Atonement; devoted to prayer, fasting and repentance. . This holiday is observed starting the evening before the first full day.

Hindu holidays were determined from <https://www.india.gov.in/calendar> with additional resources from <https://publicholidays.in/>

Adopted by the Board of Education January 9, 2023. Revised by the Board of Education _____.

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