

Board of Education Mary Gebara President, 2023-2024	Okemos Public Schools board@okemosk12.net http://okemosk12.net	4406 Okemos Road Okemos, Michigan 48864 Phone: 517-706-5010
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This agenda is for general informational purposes only. Based on board policy, the board of education may revise this agenda and may take up other issues at the meeting.

6:30 PM

**MEETING AGENDA
Monday, October 14, 2024**

Community Conference Rm

CALL TO ORDER

Tom Buffett, Katie Cavanaugh, Shulawn Doxie, Mary Gebara, Melanie Lynn, Andrew Phelps and Jayme Taylor

WELCOME AND MEETING FORMAT (2 Min)

Welcome to this regular meeting of the Okemos Board of Education held in public for the purpose of conducting the business of the school board.

There are two opportunities for public comment: Citizens who wish to address agenda or non-agenda items will have an opportunity at the beginning of the meeting, as well as near the end of the meeting. In-person individuals who wish to address the board must complete a blue form, located with the agendas near the room entrance, and present it to the board’s secretary prior to the start of the agenda item. Virtual participants must submit their name and address in a message through the chat box located in Zoom’s meeting controls prior to the start of the agenda item.

At the appropriate point in the agenda, the board president will call upon individuals who have submitted a blue card or chat message and that individual’s microphone will be un-muted for their comments.

ADJOURN TO EXECUTIVE SESSION – Contract Negotiations

Pursuant to Section 8(a) of the Open Meetings Act, the board of education may adjourn to Executive Session for the purpose of contract negotiations.

That the board adjourn to Executive Session pursuant to Section 8(a) of the Open Meetings Act for the purpose of discussing a personnel matter (Roll Call).

RECONVENE

Tom Buffett, Katie Cavanaugh, Shulawn Doxie, Mary Gebara, Melanie Lynn, Andy Phelps, Jayme Taylor

PRESENTATION: MI Heart Designation (10 Min)

Jennifer Shea from Corewell Health and OPS Nurse Stephanie Gosha will award the district with the Michigan Heartsafe School designation, which recognizes the district’s efforts to prevent, prepare and respond to cardiac emergencies.

Discussion Moved Forward - Emergency Facilities Purchases

Operations Director Brian Lieber will provide an update regarding OHS bathroom repairs including budget, and timelines. Superintendent Hood authorized these projects to begin as part of the emergency clause in board policy 3301.

CITIZENS ADDRESS AGENDA AND NON-AGENDA ITEMS

At this time in the meeting, citizens have an opportunity to address the board regarding items of interest that that may or may not be part of the evening’s agenda. Citizens are required to limit comments to three minutes, except when this requirement is waived by the board president during the meeting. A designated timekeeper will communicate to the individual who is addressing the board at three minutes. The board highly values public comment and input; however, the board meeting format is designed to facilitate the evening’s agenda and,

therefore, restricts board members from engaging in conversation with speakers or immediately responding to questions. Questions and concerns may be addressed by the board later in the agenda and may be assigned for follow-up by the board or superintendent at a later date.

HIGH SCHOOL STUDENT REPORTS/REQUESTS (5 Min)

The high school student representative will highlight events and issues of interest and take questions from the board.

SUPERINTENDENT REPORTS/REQUESTS (10 Min)

The superintendent will highlight events and issues of interest and take questions from the board.

BOARD REPORTS/REQUESTS (10 Min)

The board will acknowledge receipt of correspondence.

Individual board members may highlight other events and issues of interest and request follow-up on other matters of concern.

ACTION ITEMS

Within Action Items, there is a Consent Agenda to expedite the business of the board which groups a number of items together to be dealt with by one action of the board. However, items in the consent agenda may be extracted by individual board member request for further discussion or clarification.

CONSENT AGENDA (2 Min)

In an effort to expedite the business of the board of education, but in no way meant to diminish the importance of each item, a Consent Agenda has been developed.

That the board approve items 1 through 3 for immediate implementation and appropriate action.

Item 1: Approval of the Minutes of the Regular Meeting of September 23, 2024; and Item 2:

Approval of the Minutes of the Special Meeting of September 28, 2024; and Item 3: Acknowledge receipt of the September financial statement and approve payment of bills for September.

OTHER ACTION ITEMS

The Other Action Items require additional discussion prior to board action.

Board Policy: Final Reading

The board approved first reading of the following policies during its September 9, 2024 meeting. The policies were then posted to the district's website for public review/comment for 30 days or more.

3115-Nondiscrimination and Retaliation

3115 A - Definitions

3115 B- Designation of Coordinators

3115 C- Supportive Measures

3115 D - Informal Resolution

3115 E -Grievance Procedure and Remedies

3115 F - Complaint Dismissal and Appeals

3115 G- Additional Requirements to Prevent and Address Pregnancy Discrimination

3115 H- Training Requirements, Record Keeping and Policy Notice

3118 Nondiscrimination Covenant in Contracts with the District

4105B Religious Workplace Accommodations for Employees and Applicants

4229 Acceptable Use of Generative Artificial Intelligence

5202 Unlawful Discrimination, Harassment, and Retaliation Against Students

5206 Student Discipline

5206B Student Discipline - Students with Disabilities

5206D Student Discipline - Enrollment Following Misconduct at Another Public or Nonpublic School

5208.01 Acceptable Use of Generative Artificial Intelligence

5715 Student Oral Health Assessment

Policies given first reading by the board are posted on the district website for thirty days for public review. Policies not given first reading are returned to the committee for further review and editing.

That the board waive the reading and adopt final reading of board policies 3115-Nondiscrimination and Retaliation 3115 A - Definitions 3115 B- Designation of Coordinators 3115 C- Supportive Measures 3115 D - Informal Resolution 3115 E -Grievance Procedure and Remedies 3115 F - Complaint Dismissal and Appeals 3115 G- Additional Requirements to Prevent and Address Pregnancy Discrimination 3115 H- Training Requirements, Record Keeping and Policy Notice 3118 Nondiscrimination Covenant in Contracts with the District 4105B Religious Workplace Accommodations for Employees and Applicants 4229 Acceptable Use of Generative Artificial Intelligence 5202 Unlawful Discrimination, Harassment, and Retaliation Against Students 5206 Student Discipline 5206B Student Discipline - Students with Disabilities 5206D Student Discipline - Enrollment Following Misconduct at Another Public or Nonpublic School 5208.01 Acceptable Use of Generative Artificial Intelligence 5715 Student Oral Health Assessment.

Audit Report

Each year, the board of education employs an auditing firm to audit the district's financial records. Mr. Steve Piesko of Maner & Costerisan P.C. presented the 2023-2024 audit report to the board during its meeting on September 23, 2024.

That the board accept the audit report of Maner & Costerisan P.C. for the 2023-2024 school year.

Superintendent Evaluation Cycle

The board reviewed the superintendent evaluation cycle and discussed aligning it with the district's fiscal year (July-June), rather than the current cycle of January through December.

that the board evaluate the superintendent on an annual basis from July through June.

DISCUSSION ITEMS

Discussion items are intended to provide an opportunity for review of material and interaction concerning the individual items. Action is not taken during the board meeting. Discussion items may be acted upon by the Board of Education at a later date. The board president may move a discussion item forward in the meeting agenda to facilitate timely discussion and/or community input on that discussion item.

Board Book Study

The board will discuss the next chapters of The Human Side of School Change as part of their book study.

COMMENTS FROM THE PUBLIC

At this time in the meeting, citizens have an opportunity to address the board regarding any item(s) of interest. Individual comments at this time will be limited to three minutes but may be extended at the discretion of the board president. A designated timekeeper will communicate to the individual who is addressing the board at three minutes. The board highly values public comment; however, our meeting format does not allow the board to engage in conversation with speakers. Questions or concerns may be assigned for follow-up by the board or the administration at a later date.

OTHER MATTERS (5 Min)

ADJOURN

Series 3000: Operations, Finance, and Property

2 3300 Facilities, Real, and Personal Property

3301 Purchasing and Procurement

This Policy applies to all purchases of materials, supplies, and equipment. Purchases acquired through lease financing are governed by this Policy, but true leases (i.e., rental agreements) are not.

A. Responsibility for Purchasing

The District's administration, under then Superintendent's supervision, may purchase items for the District, subject to any parameters deestablished by the Board.

B. When Competitive Bidding is Required

1. The District must competitively bid the purchase of an item or group of items costing an amount equal to or greater than the then-current state bid threshold published annually by MDE.
2. The District does not need to competitively bid a purchase in an emergency if competitive bidding is not required by law. Superintendent or designee shall review funding source to ensure compliance and must notify the Board of the expenditure and rationale.
3. The District will not artificially segregate purchases into smaller orders to avoid the bid threshold.

C. Bidding Procedure

1. The District may competitively bid a purchase using 1 or more of the following methods:
 - a. Requesting written price quotations from at least 3 known and practical vendors of an item;
 - b. Distributing a request for proposals to at least 3 known and practical vendors of an item;
 - c. Posting a request for proposals on the District's website or any other website that regularly informs vendors of bid opportunities;
 - d. Selecting a contract awarded to a winning bidder under a bid process operated by a reputable bid cooperative if the District determines, after reasonable due diligence, that the bid procedure used by the bid cooperative was fair and open, resulted in a bid award to the lowest responsible bidder, and the contract price is comparable to current market rates for the purchased item; or

- e. Any other process, in the Superintendent's or designee's discretion, that is likely to result in at least 3 known vendors providing bids for the item sought, regardless of whether at least 3 bids are actually received.
 2. Each bidder responding to a request for proposals must certify that it is not an Iran-linked business as defined by MCL 129.312.
 3. Awarding Bids
 - a. If competitive bidding is required by law, any contract must be awarded by the Board to the lowest responsible bidder.
 - b. In determining bidder responsibility, the District may take 1 or more of the following into account:
 - The District's experience with the bidder;
 - Others' experience with the bidder;
 - The bidder's history of satisfactory performance or questionable litigation, protests, or disputes;
 - The bidder's capitalization and solvency;
 - The length of time the bidder has been engaged in its business;
 - The recommendation of the District's professional consultants; and
 - Any other factor consistently and lawfully applied.
 - c. In any bid procedure, the District reserves the right to reject any or all bids or waive any informalities or irregularities in the bid process.
 4. Michigan-Based Business Preference
 - a. The District may give up to a 10% preference to a bidder that is a Michigan-based business as defined by MCL 18.1268.
 - b. The Michigan-based business preference will not apply if federal funds are used for the purchase.

D. Purchases Using State Aid Act Funds

1. The District will not use state aid to purchase foreign goods or services if American goods or services are available, competitively priced, and of comparable quality.

2. The District will give a preference to goods or services manufactured or provided by Michigan businesses if competitively priced and of comparable quality.
3. The District will give a preference to goods or services manufactured or provided by Michigan businesses owned and operated by veterans if competitively priced and of comparable quality.

E. Purchases Using Federal Funds

Purchases made with federal funds and subject to the federal Uniform Grant Guidance are also governed by Policy 3301A.

Legal authority: 2 CFR 200.1 et seq.; MCL 129.311 et seq.; MCL 380.1274; MCL 388.1764c

Date adopted: July 1, 2024

Date revised:

Series 3000: Operations, Finance, and Property

3100 General Operations

3115 *Nondiscrimination and Retaliation*

The District does not discriminate on the basis of race, color, national origin, religion, sex (including pregnancy, gender identity, or sexual orientation), marital status, disability, or any other legally prohibited basis in admission or access to District programs and activities.

- A. Employee complaints of unlawful discrimination (including harassment) and unlawful retaliation are governed by Policy 4104. Employee complaints of Title IX sexual harassment are governed by Policy 3118.
- B. Student complaints of unlawful discrimination (including harassment) and unlawful retaliation are governed by Policy 5202. Student complaints of Title IX sexual harassment are governed by Policy 3118.
- C. A contractor, volunteer, visitor, employee acting outside the scope of employment, or other non-student who believes he or she has been the subject of, or is otherwise aware of, unlawful discrimination (including harassment) or unlawful retaliation must timely file a good faith complaint alleging unlawful discrimination (including harassment) or unlawful retaliation using Form 4104-F with the Superintendent or, if a complaint is against the Superintendent, with the Board President. A complaint of unlawful discrimination (including harassment) or unlawful retaliation will be promptly and thoroughly investigated. The Superintendent or Board President will forward the complaint to one of the following, as applicable:
 1. Title IX Coordinator;
 2. Section 504 Coordinator; or
 3. Civil Rights Coordinator.
- D. Any person may also contact the Office for Civil Rights, U.S. Department of Education ("OCR"), by email at OCR.Cleveland@ed.gov, by telephone at (216) 522-4970, or by fax at (216) 522-2573 regarding compliance with the regulations implementing Title VI, Title IX, Section 504, or any other applicable laws for which OCR has jurisdiction.
- E. A contract to which the District is a party shall be read to include a covenant by the contractor and its subcontractors not to discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of race, color, national origin, religion, sex (including pregnancy, gender identity, or sexual orientation), age, height, weight, and marital status.

Legal authority: 20 USC 1681 et seq.; 29 USC 701 et seq.; 38 USC 4301-4335; 42 USC § 2000d et seq., 42 USC 12101 et seq.; Const 1963, art 1, § 26; MCL37.1101 et seq., 37.2101 et seq., 37.2209

Date adopted: July 1, 2024

Date revised:

Series 3000: Operations, Finance, and Property

3100 General Operations

3115A Definitions for 3115 Series

- A. The following definitions apply to policies 3115-3115H, 4101, 4102, and 5202, which address non-discrimination, anti-harassment, and non-retaliation:
1. "Appeals Officer" means a person who is designated to hear a determination appeal, a dismissal appeal, or a challenge to a Supportive Measures decision. The Appeals Officer must be a District employee and may not be the same person as the Coordinator, Decisionmaker, Investigator, or Informal Resolution Facilitator.
 2. "Complainant" means: (1) a student or employee who is alleged to have been subjected to conduct that could constitute Unlawful Discrimination; or (2) a person other than a student or employee who is alleged to have been subjected to conduct that could constitute Unlawful Discrimination and who was participating or attempting to participate in the District's education program or activity at the time of the alleged Unlawful Discrimination.
 3. "Complaint" means an oral or written request to the District that objectively can be understood as a request for the District to investigate and make a determination about alleged Unlawful Discrimination.
 4. "Consent" means a voluntary agreement to engage in sexual activity by a person legally capable of consenting. Someone who is incapacitated cannot consent. Past consent does not imply future consent. Silence or an absence of resistance does not imply consent. Consent to engage in sexual activity with one person does not imply consent to engage in sexual activity with another. Consent can be withdrawn at any time. Coercion, force, or threat of either invalidates consent. Sexual conduct or romantic relationships between students and District employees, volunteers, or contractors, regardless of age or consent, are prohibited.
 5. "Coordinator" means the person(s) designated by the District to coordinate the District's compliance with state and federal non-discrimination laws. The Coordinator may be the same person as the Investigator and Decisionmaker.
 6. "Day" means a day that the District's central office is open for business, unless otherwise indicated.
 7. "Decisionmaker" means the person designated to issue a determination as to whether Unlawful Discrimination occurred. The Decisionmaker may be the same person as the Coordinator and Investigator.

8. "Disciplinary Sanctions" means consequences imposed on a Respondent following a determination that the Respondent engaged in Unlawful Discrimination.
9. "Grievance Procedure" means the process outlined in Policy 3115E.
10. "Informal Resolution Facilitator" means the person designated to facilitate an informal resolution process. The Informal Resolution Facilitator may not be the same person as the Investigator or the Decisionmaker.
11. "Investigator" means the person designated to investigate a complaint of Unlawful Discrimination. The Investigator may be the same person as the Coordinator and Decisionmaker.
12. "Key Role" means Coordinator, Investigator, Decisionmaker, Informal Resolution Facilitator, or Appeals Officer.
13. "Party" means a Complainant or Respondent.
14. "Relevant" means related to the allegations of Unlawful Discrimination under investigation as part of the Grievance Procedure. Questions are relevant when they seek evidence that may aid in showing whether the alleged Unlawful Discrimination occurred, and evidence is relevant when it may aid a Decisionmaker in determining whether the alleged Unlawful Discrimination occurred.
15. "Remedies" means measures provided, as appropriate, to a Complainant or any other person the District identifies as having had their equal access to the District's education program or activity limited or denied by Unlawful Discrimination. These measures are provided to restore or preserve that person's access to the District's education program or activity after the District determines that Unlawful Discrimination occurred.
16. "Respondent" means a person who is alleged to have violated the District's prohibition on Unlawful Discrimination.
17. "Retaliation" means intimidation, threats, coercion, or discrimination against any person by the District, a student, or an employee or other person authorized by the District to provide aid, benefit, or service under the District's education program or activity, for the purpose of interfering with any right or privilege secured by the 3115 Policy Series, or because the person has reported information, made a complaint, testified, assisted, or participated or refused to participate in any manner in an investigation, proceeding, or hearing under the 3115 Policy Series. Retaliation does not include a requirement that a District employee participate in a Grievance Procedure.
18. "Supportive Measures" means individualized measures offered as appropriate, as reasonably available, without unreasonably burdening a

Complainant or Respondent, not for punitive or disciplinary reasons, and without fee or charge to the Complainant or Respondent to:

- a. Restore or preserve that Party's access to the District's education program or activity, including measures that are designed to protect the safety of the Parties or the District's educational environment; or
- b. Provide support during the District's Grievance Procedure or during an informal resolution process.

19. "Unlawful Discrimination" means to treat a person differently or less favorably due to the person's race, color, national origin, ethnicity, religion, sex (including gender identity or expression, sexual orientation, pregnancy, childbirth, or a related condition), age, height, weight, familial status, marital status, military service, veteran status, genetic information, disability, or any other legally protected basis or any other legally protected class, and includes unlawful harassment and retaliation based on a person's membership in a protected classification.

B. Examples of Unlawful Harassment

Unlawful harassment may include, but is not limited to:

1. ***Race, Color, or National Origin Harassment***, which is prohibited by Title VI and Title VII of the Civil Rights Act of 1964 and the Michigan Elliott-Larsen Civil Rights Act. Race, color, or national origin harassment is unwelcome conduct based on a person's actual or perceived race, color, or national origin that creates a hostile environment or becomes a condition of continued employment. Race includes traits historically associated with race, including, but not limited to, hair texture and protective hairstyles. Race, color, or national origin harassment may take many forms, including slurs, taunts, stereotypes, or name-calling, as well as racially motivated physical threats, attacks, or other hateful conduct.

Under this Policy, harassment based on ethnicity, ancestry, or perceived ancestral, ethnic, or religious characteristics, will be considered race, color, or national origin harassment.

2. ***Disability Harassment***, which is prohibited by the Americans with Disabilities Act, Section 504 of the Rehabilitation Act of 1973, and the Michigan Persons with Disabilities Civil Rights Act. Disability harassment is unwelcome conduct based on a person's actual or perceived disability that creates a hostile environment or becomes a condition of continued employment. Disability harassment may take many forms, including slurs, taunts, stereotypes, or name-calling, as well as disability motivated physical threats, attacks, or other hateful conduct.

3. **Sex-Based Harassment**, which is prohibited by Title IX of the Education Amendments of 1972, Title VII of the Civil Rights Act of 1964, and the Michigan Elliott-Larsen Civil Rights Act, and includes harassment based on sex, sex stereotypes, sex characteristics, pregnancy or related conditions, sexual orientation, and gender identity, that is:

a. *Quid Pro Quo Harassment*

An employee, agent, or other person authorized by the District to provide an aid, benefit, or service under the District's education program or activity explicitly or impliedly conditioning the provision of such an aid, benefit, or service on a person's participation in unwelcome sexual conduct;

b. *Hostile Environment Harassment*

Unwelcome sex-based conduct that, based on the totality of the circumstances, is subjectively and objectively offensive and is so severe or pervasive that it limits or denies a person's ability to participate in or benefit from the District's education program or activity (*i.e.*, creates a hostile environment). Whether a hostile environment has been created is a fact-specific inquiry that includes consideration of the following:

- i. The degree to which the conduct affected the Complainant's ability to access the District's education program or activity;
- ii. The type, frequency, and duration of the conduct;
- iii. The Parties' ages, roles within the District's education program or activity, previous interactions, and other factors about each Party that may be relevant to evaluating the effects of the conduct;
- iv. The location of the conduct and the context in which the conduct occurred; and
- v. Other sex-based harassment in the District's education program or activity; or

c. *Specific Offenses*

- i. "Sexual assault" means an offense classified as a forcible or nonforcible sex offense under the uniform crime reporting system of the Federal Bureau of Investigation.
- ii. "Dating violence" means violence committed by a person: (i) who is or has been in a social relationship of a romantic or intimate nature with the victim; and (ii) where the existence of such a relationship shall be determined based on a consideration of the following factors: (1) the length of the relationship; (2) the type of relationship; and (3) the frequency of interaction between the persons involved in the relationship.

- iii. "Domestic violence" means felony or misdemeanor crimes committed by a person who: (i) is a current or former spouse or intimate partner of the victim under the family or domestic violence laws of the jurisdiction of the District, or a person similarly situated to a spouse of the victim; (ii) is cohabitating, or has cohabitated, with the victim as a spouse or intimate partner; (iii) shares a child in common with the victim; or (iv) commits acts against a youth or adult victim who is protected from those acts under the family or domestic violence laws of the jurisdiction.
- iv. "Stalking" means engaging in a course of conduct directed at a specific person that would cause a reasonable person to: (i) fear for the person's safety or the safety of others; or (ii) suffer substantial emotional distress.

Legal authority: 20 USC 1400 et seq., 1681 et seq.; 29 USC 206 et seq., 621 et seq., 701 et seq., 794, 2601 et seq., 6101 et seq.; 38 USC 4301 et seq.; 42 USC 1983, 2000d et seq., 2000e et seq., 2000ff et seq., 6101 et seq., 12101 et seq.; 29 CFR 1604.1 et seq., 1635; 34 CFR 106.1, et seq.; MCL 37.1101 et seq., 37.2101 et seq.

Date adopted:

Date revised:

Series 3000: Operations, Finance, and Property

3100 General Operations

3115B Designation of Coordinators

The District designates the following person(s) to serve as non-discrimination Coordinators:

Designated Title IX Coordinator
Mario Martinez
Director of Human Resources
4406 N. Okemos Rd.
Okemos, MI 48864
(517) 706-5006
mario.martinez@okemosk12.net

Stacy Bailey, Assistant Superintendent - Curriculum & Instruction
4406 N. Okemos Rd.
Okemos, MI 48864
(517) 706-5007
stacy.bailey@okemosk12.net

Designated Section 504 Coordinator
Heather Priccot - Director of Special Education
4406 N. Okemos Rd.
Okemos, MI 48864
517-706-4829
heather.pricco@okemosk12.net

Designated Civil Rights Coordinator/Employment Compliance Officer
Mario Martinez
Director of Human Resources
4406 N. Okemos Rd.
Okemos, MI 48864
(517) 706-5006
mario.martinez@okemosk12.net

A Complaint against one of the Coordinators listed above may be made to the Superintendent or Board President. A Complaint against the Superintendent may be made to the Board President. A Complaint against the Board President may be made to the Board Vice President.

Legal authority: 20 USC 1400 et seq., 1681 et seq.; 29 USC 206 et seq., 621 et seq., 701 et seq., 794, 2601 et seq., 6101 et seq.; 38 USC 4301 et seq.; 42 USC 1983, 2000d et seq., 2000e et seq., 2000ff et seq., 6101 et seq.,

12101 et seq.; 29 CFR 1604.1 et seq., 1635; 34 CFR 106.1, et seq.;
MCL 37.1101 et seq., 37.2101 et seq.

Date adopted:

Date revised:

Series 3000: Operations, Finance, and Property

3100 General Operations

3115C Supportive Measures

A. Supportive Measures

The District will offer and coordinate Supportive Measures, as appropriate, for Complainants, Respondents, and others whose access to the District's education program and activity was impacted by alleged Unlawful Discrimination. Supportive Measures are designed to restore or preserve a person's access to the District's education program or activity or provide support during the District's Grievance Procedure and informal resolution process. Supportive Measures are available at any time, including before, during, and after the Grievance Procedure or Informal Resolution Process.

Supportive Measures must not unreasonably burden any Party.

1. Examples of Supportive Measures

Supportive Measures may include, but are not limited to:

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

Any Party may seek modification or termination of a supportive measure applicable to them if circumstances materially change.

The District must not disclose information about any Supportive Measures to persons other than the person to whom they apply, unless necessary to provide the Supportive Measure or to restore or preserve a party's access to the education program or activity, or as otherwise authorized by law.

B. Challenging Supportive Measures

For allegations of Title IX Sex Discrimination, any Party may seek modification or reversal of a decision to provide, deny, modify, or terminate Supportive Measures applicable to them. To request a modification to Supportive Measures, the Party must submit a written request to the Title IX Coordinator. The Title IX Coordinator will designate an impartial employee as

an Appeals Officer to review the challenge. The Appeals Officer must be an employee, must not be the person who made the challenged decision, and must have the authority to modify or reverse Supportive Measures. The Appeals Officer will only modify or reverse a decision about Supportive Measures if the Appeals Officer determines that the initial decision to provide, deny, modify, or terminate the supportive measure is inconsistent with the definition of Supportive Measures in this Policy.

C. Students with Disabilities

If a Party is a student with a disability, the applicable Coordinator or designee must consult with one or more members, as appropriate, of the student's Section 504 or Individualized Education Program Team (as applicable), to ensure compliance with Section 504 or the IDEA in the implementation of Supportive Measures.

Legal authority: 34 CFR 106.1 et seq.

Date adopted:

Date revised:

Series 3000: Operations, Finance, and Property

3100 General Operations

3115D *Informal Resolution*

In lieu of resolving a Complaint through the Grievance Procedure, and if offered by the District, the Parties may instead elect to participate in an informal resolution process. This process is not available to resolve a Complaint that includes allegations that an employee engaged in sex-based harassment of a student, or when such a process would conflict with Federal, State, or local law.

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

Legal authority: 34 CFR 106.44

Date adopted:

Date revised:

Series 3000: Operations, Finance, and Property

3100 General Operations

3115E *Grievance Procedure and Remedies*

A. Grievance Procedure

1. Generally

The District has adopted the following Grievance Procedure that provides for the prompt and equitable resolution of Unlawful Discrimination, including harassment and retaliation, Complaints. This Grievance Procedure will be used to investigate and resolve Complaints of Unlawful Discrimination, including harassment and retaliation, between and among students, employees, volunteers, contractors, and Board members.

The District will treat Complainants and Respondents equitably.

The District requires that any individual serving in a Key Role not have a conflict of interest or bias for or against Complainants or Respondents generally or an individual Complainant or Respondent. Individuals serving in a Key Role for a Title IX Sex Discrimination Complaint must meet the additional training requirements in Policy 3115H.

The District presumes that the Respondent is not responsible for the alleged Unlawful Discrimination until a determination is made at the conclusion of the Grievance Procedure.

a. **Grievance Procedure Stages and Timeframes:** The District has established the following stages and, where applicable, timeframes for the Grievance Procedure:

i. Evaluation

Upon receipt of a Complaint, the Coordinator will determine whether to proceed with an investigation or dismiss the Complaint consistent with Policy 3115F. For Title IX Sex Discrimination Complaints, this determination will occur within 5 days.

ii. Investigation

If the Complaint proceeds to the Investigation phase, the Coordinator will appoint an Investigator to conduct the investigation and provide notice of the allegations. The Coordinator may serve as the Investigator. For Title IX Sex Discrimination Complaints, the notice of allegations will be provided within 5 days. For Title IX Sex Discrimination Complaints, the Investigator will endeavor to complete the investigation within 60 days.

iii. Evidence Access (Title IX Sex Discrimination Complaints Only)

For Title IX Sex Discrimination Complaints only, upon completion of the Investigation phase, the Parties will have 5 days to access and respond to the evidence as further explained below.

iv. Decision

Upon completion of the Investigation, the Decisionmaker will endeavor to promptly issue a decision as to whether Unlawful Discrimination occurred. For Title IX Sex Discrimination Complaints, the decision will be issued within 10 days.

Unless otherwise determined by the applicable Coordinator based on unique circumstances, the Investigator will also serve as the Decisionmaker.

v. Appeal Decision

If an appeal is permitted under Policy 3115F, that appeal must be submitted within 5 days from a Party's receipt of the determination.

At any point, the Coordinator, Investigator, Decisionmaker, or Appeals Officer may reasonably extend timelines on a case-by-case basis for good cause. If good cause exists, the Coordinator, Investigator, Decisionmaker, or Appeals Officer will notify each Party in writing within 5 days of the decision to extend the timelines. Such notice will include the reason and length of the extension. Good cause may include absence of a Party or witness; concurrent law enforcement activity; complexity of the underlying allegations; or the need for accommodations (e.g., language assistance or accommodation of disabilities).

2. Confidentiality

The District will take reasonable steps to protect the privacy of the Parties and witnesses during its Grievance Procedure. These steps will not restrict the ability of the Parties to obtain and present evidence, including consulting with their family members, confidential resources, or advisors; or otherwise prepare for or participate in the Grievance Procedure. The Parties may not engage in retaliation, including against witnesses.

3. Evidence Considerations

The Decisionmaker will objectively evaluate all evidence that is Relevant and not otherwise impermissible, including both inculpatory and exculpatory evidence. Credibility determinations will not be based on a person's status as a Complainant, Respondent, or witness. For Title IX Sex Discrimination Complaints, the Decisionmaker must attempt to independently question and

evaluate the credibility of Parties and witnesses if credibility is in dispute and Relevant.

4. Complaint Consolidation

The District may consolidate Complaints when the allegations arise out of the same facts or circumstances.

5. Notice of Allegations

Upon receiving a Complaint, the applicable Coordinator will notify the Parties of the following:

- a. The Grievance Procedure and any informal resolution process;
- b. Sufficient information available at the time to allow the Parties to respond to the allegations, including the identities of the Parties involved in the incident(s), the conduct alleged to constitute Unlawful Discrimination, and the date(s) and location(s) of the alleged incident(s);
- c. Retaliation is prohibited; and
- d. For Title IX Sex Discrimination Complaints, the Parties are entitled to an equal opportunity to access the Relevant and not otherwise impermissible evidence or an accurate description of the evidence. If the District provides a description of the evidence, the Parties are entitled to an equal opportunity to access the relevant and not otherwise impermissible evidence upon request.

If, during an investigation, the District decides to investigate additional allegations of Unlawful Discrimination by the Respondent toward the Complainant that are not included in the notice provided or that are included in a Complaint that is consolidated, the District will notify the Parties of the additional allegations.

6. Investigation

The District will provide for adequate, reliable, and impartial investigation of Complaints. The burden is on the District — not on the Parties — to conduct an investigation that gathers sufficient evidence to determine whether Unlawful Discrimination occurred.

The Parties will be provided an equal opportunity to present fact witnesses and other inculpatory and exculpatory evidence that is relevant and not otherwise impermissible. The Investigator will review all evidence gathered through the investigation and determine what evidence is relevant and what evidence is impermissible regardless of relevance.

Throughout the investigation, the Investigator must determine, what, if any, facts remain in dispute. If dispositive facts are not reasonably in dispute (e.g.,

based on Party admissions, irrefutable evidence), further investigation is not required.

7. Title IX Sex Discrimination Specific Evidence Rules

- a. Access to Evidence: For allegations of Title IX Sex Discrimination, the District will provide each party with an equal opportunity to access the evidence that is relevant to the allegations of Title IX Sex Discrimination and not otherwise impermissible, in the following manner:
 - i. The Investigator will provide an equal opportunity to access either the relevant and not otherwise impermissible evidence, or an accurate description of this evidence. If the Investigator provides a description of the evidence, the Investigator will provide the parties with an equal opportunity to access the relevant and not otherwise impermissible evidence upon the request of any party;
 - ii. The Investigator will provide a reasonable opportunity to respond to the evidence or the accurate description of the evidence; and
 - iii. The District will take reasonable steps to prevent and address the parties' unauthorized disclosure of information and evidence obtained solely through the Grievance Procedure. Disclosure of such information and evidence for purposes of administrative proceedings or litigation related to the Title IX Sex Discrimination Complaint is authorized.
- b. Impermissible Evidence: The following types of evidence, and questions seeking that evidence, are impermissible regardless of whether they are relevant:
 - i. Evidence that is protected under a privilege recognized by Federal or State law, unless the person to whom the privilege is owed has voluntarily waived the privilege or confidentiality;
 - ii. A Party's or witness's records that are made or maintained by a physician, psychologist, or other recognized professional or paraprofessional in connection with the provision of treatment to the Party or witness, unless the District obtains that Party's or witness's voluntary, written consent for use in the Grievance Procedure; and
 - iii. Evidence that relates to the Complainant's sexual interests or prior sexual conduct, unless evidence about the Complainant's prior sexual conduct is offered to prove that someone other than the Respondent committed the alleged conduct or is evidence about specific incidents of the Complainant's prior sexual conduct with the Respondent that is offered to prove consent to the alleged sex-based harassment. The fact of prior consensual sexual conduct between the Complainant and Respondent does not by itself demonstrate or imply the Complainant's



consent to the alleged sex-based harassment or preclude determination that sex-based harassment occurred.

Impermissible evidence will not be accessed or considered, except by the District to determine whether one of the above exceptions applies. Impermissible evidence will not be disclosed or otherwise used in the investigation.

8. Determination

Following the investigation and evaluation of all relevant and not otherwise impermissible evidence, the Decisionmaker will:

- a. Use the preponderance of the evidence standard to determine whether Unlawful Discrimination occurred. The Decisionmaker must evaluate relevant and not otherwise impermissible evidence for its persuasiveness. If the Decisionmaker is not persuaded by a preponderance of the evidence that Unlawful Discrimination occurred, whatever the quantity of the evidence, the Decisionmaker will not determine that Unlawful Discrimination occurred.
- b. Notify the Parties in writing of the determination whether Unlawful Discrimination occurred, including the rationale for such determination and the procedures and permissible bases for the Complainant and Respondent to appeal, if applicable.
- c. Not discipline a Respondent for Unlawful Discrimination unless there is a determination at the conclusion of the Grievance Procedure that the Respondent engaged in unlawful discrimination.
- d. Comply with this Grievance Procedure before imposing any disciplinary sanctions against a Respondent.

9. Remedies

If there is a determination that Unlawful Discrimination occurred, the applicable Coordinator will, as appropriate:

- a. Coordinate the provision and implementation of remedies to a Complainant and other people the District identifies as having had equal access to the District's education program or activity limited or denied by Unlawful Discrimination;
- b. Coordinate the imposition of any Disciplinary Sanctions against a Respondent. For a Title IX Sex Discrimination Complaint, notify the Complainant of any such Disciplinary Sanctions; and
- c. Take other appropriate prompt and effective steps to ensure that Unlawful Discrimination does not continue or recur within the District's education program or activity.

10. False Statements

A person who knowingly files a false Complaint or makes a materially false statement is subject to discipline, including discharge from employment or expulsion.

The District will not discipline a Party, witness, or others participating in a Title IX Sex Discrimination Complaint Grievance Procedure for making a false statement or for engaging in consensual sexual conduct based solely on the determination whether sex discrimination occurred.

Legal authority: 20 USC 1400 et seq., 1681 et seq.; 29 USC 206 et seq., 621 et seq., 701 et seq., 794, 2601 et seq., 6101 et seq.; 38 USC 4301 et seq.; 42 USC 1983, 2000d et seq., 2000e et seq., 2000ff et seq., 6101 et seq., 12101 et seq.; 29 CFR 1604.1 et seq., 1635; 34 CFR 106.1, et seq.; MCL 37.1101 et seq., 37.2101 et seq.

Date adopted:

Date revised:



Series 3000: Operations, Finance, and Property

3100 General Operations

3115F *Complaint Dismissal and Appeals*

A. Complaint Dismissal

The District may dismiss a Complaint if:

1. The District is unable to identify the Respondent after taking reasonable steps to do so;
2. The Respondent is not participating in the District's education program or activity and is not employed by the District;
3. The Complainant voluntarily withdraws any or all of the allegations in the Complaint, the applicable Coordinator declines to initiate a Complaint, and the District determines that, without the Complainant's withdrawn allegations, the conduct that remains alleged in the Complaint, if any, would not constitute Unlawful Discrimination even if proven; or
4. The District determines the conduct alleged in the Complaint, even if proven, would not constitute Unlawful Discrimination. Before dismissing the Complaint and if necessary, the District will make reasonable efforts to clarify the allegations with the Complainant.

Upon dismissal, the District will promptly notify the Complainant of the basis for the dismissal. If the dismissal occurs after the Respondent has been notified of the allegations, the District will also notify the Respondent of the dismissal and the basis for the dismissal promptly following notification to the Complainant, or simultaneously if notification is in writing.

Upon dismissal, the District will take prompt and effective steps, as appropriate, through the applicable Coordinator, to ensure that Unlawful Discrimination does not continue or recur within the District's education program or activity. The District will offer Supportive Measures to the Complainant as appropriate. The District will also offer Supportive Measures to the Respondent as appropriate if the Respondent has been notified of the Complaint allegations.

The District will notify a Complainant alleging Title IX Sex Discrimination that a dismissal may be appealed and will provide the Complainant with an opportunity to appeal the dismissal of a Complaint. If the dismissal occurs after the Respondent has been notified of the allegations, then the District will also notify the Respondent that the dismissal may be appealed.

B. Complaint Dismissal Appeal – Title IX Sex Discrimination Only

1. Complaint dismissals may be appealed within 5 days of receipt on the following bases:
 - a. Procedural irregularity that would change the outcome;
 - b. New evidence that would change the outcome and that was not reasonably available when the dismissal was made; and
 - c. The Title IX Coordinator, Investigator, or Decisionmaker had a conflict of interest or bias for or against Complainants or Respondents generally or the individual Complainant or Respondent that would change the outcome.
2. If the dismissal is appealed, the District will:
 - a. Notify the Parties of any appeal, including notice of the allegations, if notice was not previously provided to the Respondent;
 - b. Implement appeal procedures equally for the Parties;
 - c. Ensure that the Appeals Officer did not take part in an investigation of the allegations or dismissal of the Complaint;
 - d. Ensure that the Appeals Officer has been trained consistent with the applicable federal regulations;
 - e. Provide the Parties a reasonable and equal opportunity to make a statement in support of, or challenging, the outcome; and
 - f. Notify the Parties of the result of the appeal and the rationale for the result.

The Appeals Officer will affirm the dismissal if it met any of the above-listed standards for dismissal, unless the Appeals Officer determines that dismissal will result in unremedied Unlawful Discrimination.

C. Determination Appeal Procedure – Title IX Sex Discrimination Complaints Only

Any party may appeal the determination to the Title IX Coordinator, who will appoint an Appeals Officer to hear the appeal. The appeal must be filed within 5 days of receipt of the determination. The Appeals Officer will offer each Party the opportunity to submit a statement in support of the appeal or in support of the original determination. The Appeals Officer will issue a written decision on the appeal within 5 days of the deadline for the Parties to submit statements.

D. Determination Appeal Procedures – Other Complaints

Unless expressly stated in writing by the Decisionmaker, other determinations are not subject to appeal.

Legal authority: 34 CFR 106.1, et seq.

Date adopted:

Date revised:

Series 3000: Operations, Finance, and Property

3100 General Operations

3115G Additional Requirements to Prevent and Address Pregnancy Discrimination

A. Pregnancy or Related Conditions

The District will not adopt or implement any policy, practice, or procedure, or take any action, on the basis of sex: (1) concerning a student's current, potential, or past parental, family, or marital status that treats students differently on the basis of sex; (2) concerning the current, potential, or past parental, family, or marital status of an employee or applicant for employment that treats persons differently or that is based upon whether an employee or applicant for employment is the head of household or principal wage earner; (3) concerning pre-admission inquiries as to the marital status of an applicant for admission.

1. Comparable Treatment to Other Medical Conditions

The District treats pregnancy or related conditions as any other temporary medical condition for all job-related purposes and with respect to any medical or hospital benefit, service, plan, or policy the District administers, operates, offers, or participates in with respect to students.

2. Lactation Time and Space

The District will ensure access to and provide reasonable break time for an employee or student to express breast milk or breastfeed as needed.

The lactation space will be a space other than a bathroom that is clean, shielded from view, free from intrusion from others, and which may be used by an employee or student for expressing breast milk or breastfeeding as needed.

3. Student Pregnancy or Related Conditions Additional Requirements

a. Employee Obligations

Unless the employee reasonably believes that the Title IX Coordinator has already been notified, when a student, or a person who has a legal right to act on behalf of the student, informs any employee of the student's pregnancy or related condition, the employee will promptly provide that person with the Title IX Coordinator's contact information and inform that person that the Title IX Coordinator can coordinate specific actions to prevent sex discrimination and ensure the student's equal access to the District's education program or activity.

b. Title IX Coordinator Obligations



Upon receiving information that a student is pregnant or has a related condition, the Title IX Coordinator will take the steps below:

- i. Inform the student and the person who notified the District of the pregnancy or related condition (if that person has the legal right to act on behalf of that student) of the District's obligations and the student's rights;
 - ii. Provide a copy of the District's notice of non-discrimination to the student and the person who notified the District of the pregnancy or related condition (if that person has the legal right to act on behalf of that student);
 - iii. Make reasonable modifications to the District's policies, practices, or procedures as necessary to prevent sex discrimination and ensure equal access to the District's programs and activities. Any reasonable modification must be based on the student's individualized needs and made by consulting with the student. The student has the right to accept or reject any reasonable modifications. Any accepted reasonable modifications will be implemented;
 - iv. Allow the student to voluntarily access any separate and comparable portion of the District's education program or activity;
 - v. Allow the student to voluntarily take a leave of absence from the District's program or activity to cover (at a minimum) the period of time deemed medically necessary by the student's licensed healthcare provider. Upon return, the student will be reinstated to the academic status and extracurricular status (as applicable) that the student held before leave began;
 - vi. Provide access to a lactation space; and
 - vii. Not require supporting documentation unless the documentation is necessary and reasonable for the District to determine the reasonable modifications to make or whether to take additional actions to support the student.
- c. Certificate to Participate

The District will not require a student who is pregnant or has a related condition to provide certification from a healthcare provider or any other person that the student is physically able to participate in the District's class, program, or extracurricular activity unless: (i) the certified level of physical ability or health is necessary for participation in the class, program, or extracurricular activity; (ii) the District requires such certification of all students participating in the class, program, or extracurricular activity; and (iii) the information obtained is not used as a basis for discrimination.



Legal authority: 34 CFR 106.40

Date adopted:

Date revised:

Series 3000: Operations, Finance, and Property

3100 General Operations

3115H Training Requirements, Recordkeeping, and Policy Notice

A. Title IX Training Requirements

The following individuals must receive training related to their duties under Title IX. Training may not rely on sex stereotypes.

1. All Employees

All District employees must be trained upon hiring and annually on:

- a. The District's obligation to address sex discrimination;
- b. The scope of conduct that constitutes sex discrimination under Title IX and its implementing regulations, including the definition of sex-based harassment;
- c. The obligation to notify the Title IX Coordinator when the employee has information about conduct that reasonably may constitute sex discrimination;
- d. The obligation to provide a possible Complainant with the Title IX Coordinator's contact information and information about how to make a complaint of sex discrimination; and
- e. Notification requirements for pregnant students.

2. Key Role Training

- a. All Key Roles: Any individual who serves in a Key Role under Title IX must be trained upon hire, when Key Role duties change, and annually thereafter on:
 - i. All training requirements applicable to all employees;
 - ii. The District's obligations in responding to allegations of sex discrimination;
 - iii. The District's Grievance Procedure;
 - iv. How to serve impartially, including by avoiding prejudgment of the facts at issue, conflicts of interest, and bias; and
 - v. The meaning and application of the term "relevant" in relation to questions and evidence, and the types of evidence that are impermissible regardless of relevance.
- b. Informal Resolution Facilitator

Individuals who serve as an Informal Resolution Facilitator must be trained upon hire, when Key Role duties change, and annually thereafter on:

- i. All training requirements applicable to all employees;
 - ii. All training requirements applicable to Key Roles;
 - iii. The rules and practices of the District's informal resolution process; and
 - iv. How to serve impartially, including by avoiding conflicts of interest and bias.
- c. Title IX Coordinator

Individuals who are designated as a Title IX Coordinator must be trained upon hire, when Key Role duties change, and annually thereafter on:

- i. All training requirements applicable to all employees;
- ii. All training requirements applicable to Key Roles;
- iii. All training requirements applicable to the Informal Resolution Coordinator;
- iv. The Coordinator's obligation to coordinate the District's efforts to comply with its responsibilities under Title IX;
- v. Supportive Measures;
- vi. The District's recordkeeping system;
- vii. Recordkeeping requirements; and
- viii. Any other training necessary to coordinate the District's Title IX compliance.

B. Other Coordinator Training Requirements

All other Coordinators and individuals assigned to serve in a Key Role outside of Title IX investigations must be adequately trained.

C. Record Keeping

The District will maintain the following records for a minimum of seven years:

1. For each Title IX Sex Discrimination Complaint, records documenting the informal resolution process or the Grievance Procedure, and the resulting outcome;
2. For each notification to the Title IX Coordinator about conduct that reasonably may constitute sex discrimination, including notifications received from District

employees, records documenting the actions the District took to meet its obligations in responding to sex discrimination; and

3. All materials used to provide training under Title IX.

D. Nondiscrimination Notice Requirement

The District will prominently post on its website and otherwise provide notice of nondiscrimination to students, parents, employees, applicants for admission and employment, and all unions and professional organizations with collective bargaining agreements with the District. The notice of nondiscrimination will comply with all applicable laws.

Legal authority: 20 USC 1400 et seq., 1681 et seq.; 29 USC 206 et seq., 621 et seq., 701 et seq., 794, 2601 et seq., 6101 et seq.; 38 USC 4301 et seq.; 42 USC 1983, 2000d et seq., 2000e et seq., 2000ff et seq., 6101 et seq., 12101 et seq.; 29 CFR 1604.1 et seq., 1635; 34 CFR 106.1, et seq.; MCL 37.1101 et seq., 37.2101 et seq.

Date adopted:

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Series 3000: Operations, Finance, and Property

3100 General Operations

3118 *Nondiscrimination Covenant in Contracts with the District*

A contract to which the District is a party shall be read to include a covenant by the contractor and its subcontractors not to discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of race, color, national origin, religion, sex (including pregnancy, gender identity, or sexual orientation), age, height, weight, and marital status.

Legal authority: MCL 37.1101 et seq., 37.2101 et seq., 37.2209

Date adopted:

Date revised:

Series 4000: District Employment

4100 Employee Rights and Responsibilities

4105B Religious Workplace Accommodations for Employees and Applicants

The District complies with Title VII and state and local laws that prohibit discrimination in employment against employees or applicants for employment based on religion. The District will reasonably accommodate sincerely held religious beliefs, practices, and observances of employees and applicants for employment absent an undue hardship.

An employee or applicant for employment who requests a reasonable accommodation based on religion must promptly inform the Superintendent or designee. Upon receipt of an accommodation request, the District will meet with the employee or applicant to consider reasonable accommodation options consistent with Title VII. Reasonable accommodation requests that do not pose an undue hardship will be considered.

After considering the requested accommodation and other relevant information, the District will, as appropriate, implement reasonable accommodations that do not pose an undue hardship (as defined by law). The District is not obligated to adopt the applicant's or employee's specific accommodation request.

The District may engage or re-engage in accommodation discussions, as necessary.

An applicant or employee who believes they have been discriminated against under this Policy must promptly file a complaint using the Employment Complaint Procedure in Policy 4104.

Legal authority: 42 USC 2000e, et seq.; *Groff v DeJoy*, 143 S Ct 646 (2023)

Date adopted:

Date revised:

Series 4000: District Employment

4200 Employee Conduct and Ethics

4229 Acceptable Use of Generative Artificial Intelligence

Employees may use Generative Artificial Intelligence (“Generative AI”) in the school setting in compliance with this Policy and applicable law.

A. Definitions

1. “Generative AI” means the class of AI models that emulate the structure and characteristics of input data in order to generate derived synthetic content. This may include images, videos, audio, text, and other digital content.
2. “AI System” means any data system, software, hardware, application, tool, or utility that operates in whole or in part using AI.

B. Acceptable Use

Employee use of Generative AI must be appropriate for the educational environment and in compliance with all applicable laws, including, but not limited to, the Family Educational Rights and Privacy Act, the Individuals with Disabilities Education Act, and the Children’s Internet Protection Act. Employees must also comply with applicable Board Policies when using Generative AI, including, but not limited to, policies on District technology and acceptable use, copyright protection, student records, unlawful harassment, discrimination, and employee ethics.

Employees must thoroughly review AI-generated material to ensure accuracy, relevance, and appropriateness. Employees may not rely solely on Generative AI to deliver instructional or work-related material. Employee use of Generative AI in the classroom must align with the Board-approved curriculum.

C. Training

Employees may receive training on the legal and ethical use of Generative AI and its integration into the curriculum.

D. Violations

Violations of this policy may result in disciplinary action, up to and including discharge.

Legal Authority: 20 USC 1232g; 20 USC 1400 et seq.; 34 CFR 99; 47 CFR 54.520; 88 Fed Reg 75191 (October 30, 2023)

Date adopted:

Date revised:

Series 5000: Students, Curriculum, and Academic Matters

5200 Student Conduct and Discipline

5202 Unlawful Discrimination, Harassment, and Retaliation Against Students

The District prohibits unlawful discrimination. "Unlawful Discrimination" includes unlawful harassment and retaliation, unless specifically stated otherwise. The District will investigate all allegations of Unlawful Discrimination and will take appropriate action, including discipline, against any person who, following an investigation, is determined to have engaged in Unlawful Discrimination.

Complaints alleging Unlawful Discrimination, harassment, and Retaliation against a student will be investigated using the process outlined in Policies 3115-3115H.

The identities of the District's Title IX Coordinator, Section 504 Coordinator, and Civil Rights Coordinator are listed in Policy 3115B.

A. Student Handbooks

The Superintendent or designee will include in student handbooks a statement explaining the District's policy against Unlawful Discrimination, including unlawful harassment and Retaliation. This statement must include an explanation of types of Unlawful Discrimination, examples of harassment, reporting requirements, and consequences as described in this Policy.

B. Reporting Requirements

District personnel must immediately report incidents of alleged Unlawful Discrimination, including incidents that District personnel witness or about which they receive reports or information, regardless of whether the incidents are verbal, visual, or physical, and whether the incidents also constitute harassment, bullying, or hazing.

District personnel who witness an act of Unlawful Discrimination must intervene immediately, unless circumstances would make intervention dangerous. A person who is unable to intervene should promptly attempt to find another person who is able to intervene, contact a building administrator, or contact law enforcement, as the situation requires.

Any student who witnesses an act of Unlawful Discrimination is encouraged to report it to District personnel. No student will be retaliated against based on any report of suspected Unlawful Discrimination. A student may also anonymously report an incident of Unlawful Discrimination. The District will investigate anonymous reports to the extent possible pursuant to Policies 3115-3115H. Minor students do not need Parent permission to file a Complaint or participate in the Grievance Procedure described in Policies 3115-3115H.

C. Office for Civil Rights

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

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

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

Legal authority: 20 USC 1400 et seq., 1681 et seq.; 29 USC 206 et seq., 621 et seq., 701 et seq., 794, 2601 et seq., 6101 et seq.; 38 USC 4301 et seq.; 42 USC 1983, 2000d et seq., 2000e et seq., 2000ff et seq., 6101 et seq., 12101 et seq.; 29 CFR 1604.1 et seq., 1635; 34 CFR 106.1, et seq.; MCL 37.1101 et seq., 37.2101 et seq.

Date adopted:

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Series 5000: Students, Curriculum, and Academic Matters

5200 Student Conduct and Discipline

5206 *Student Discipline*

A. Student Discipline - Generally

The Board is committed to providing students and staff with a safe learning environment free from substantial disruption. Consistent with this commitment, the District may discipline students who engage in misconduct, up to and including suspension or expulsion from school.

The District will take steps to effectively discipline students in a manner that minimizes out-of-school suspensions and expulsions. The District will comply with applicable laws related to student discipline, including the consideration of specific factors and possible use of restorative practices.

B. Applicability

This Policy applies to student conduct that occurs:

1. on District property;
2. at a school-sponsored or school-related event;
3. on a school bus or vehicle;
4. while traveling to or from school, including at a bus stop; and
5. at any other time or place if the conduct has a nexus to the school, substantially disrupts the school environment, or as permitted by law.

C. Student Code of Conduct

The Superintendent or designee will develop, regularly update, and annually publish a student code of conduct in all student handbooks. The student code of conduct must:

1. identify offenses that may result in discipline;
2. identify possible disciplinary consequences for each offense, which may, if appropriate, include suspension or expulsion;
3. be consistent with applicable state and federal laws and Board Policies; and
4. include a copy of Policy 5206E entitled "Suspension from Class, Subject, or Activity by Teacher."

D. Definitions

For purposes of this Policy:

1. "suspend" or "suspension" means a disciplinary removal from school for less than 60 school days;
2. "expel" or "expulsion" means a disciplinary removal from school for 60 or more school days;
3. "restorative practices" means practices that emphasize repairing the harm to the victim and the school community caused by a student's misconduct; and
4. "Mandatory 7 Factors" means the following:
 - a. the student's age;
 - b. the student's disciplinary history;
 - c. whether the student has a disability;
 - d. the seriousness of the behavior;
 - e. whether the behavior posed a safety risk;
 - f. whether restorative practices are a better option; and
 - g. whether lesser interventions would address the behavior.

E. Restorative Practices

Before suspending or expelling a student (except a student who possesses a firearm in a weapon-free school zone), teachers, administrators, and the Board must first determine whether restorative practices would better address the student's misconduct, recognizing the Board's objective of minimizing out-of-school suspensions and expulsions. Likewise, teachers, administrators, and the Board must consider whether restorative practices should be used in addition to the suspension or expulsion. Restorative practices, which may include a victim-offender conference, should be the first consideration to remediate offenses such as interpersonal conflicts, bullying, verbal and physical conflicts, theft, damage to property, class disruption, harassment, and cyberbullying.

All victim-offender conferences must be conducted consistent with state and federal law and Policies. No student who claims to be the victim of unlawful harassment may be compelled to meet with the alleged perpetrator of the harassment as part of a restorative practice.

F. Discretionary Suspension or Expulsion

Under Michigan law, a suspension of 10 or fewer school days is presumed to be reasonable. A suspension of more than 10 school days or an expulsion is, in most circumstances, presumed not to be justified. Before imposing a suspension or an expulsion, administrators or the Board must consider the Mandatory 7 Factors.

1. Building Administrators - 10 or fewer days

The Board delegates to all building administrators the authority to suspend a student for up to 10 school days consistent with the student code of conduct.

A building administrator may also suspend a student for up to 10 school days pending further investigation and possible further disciplinary consequences, including a longer-term suspension or expulsion.

Before exercising this authority, the building administrator must consider the Mandatory 7 Factors.

Additionally, before suspending a student for any length of time, the building administrator must provide the student due process as described in Policy 5206A. If the student is a student with a disability, the student's discipline is also subject to Policy 5206B.

2. Superintendent and Assistant Superintendent- Less than 60 school days

The Board delegates to the Superintendent and Assistant Superintendent the authority to suspend a student for less than 60 school days consistent with the student code of conduct. Before exercising this authority, the Superintendent must consider the Mandatory 7 Factors.

Any time the Superintendent or Assistant Superintendent finds that a suspension of more than 10 school days is warranted, the Superintendent or Assistant Superintendent must base the rationale on the Mandatory 7 Factors and explain the rationale in writing.

Additionally, before suspending a student for any length of time, the Superintendent or Assistant Superintendent must provide the student due process as described in Policy 5206A. If the student is a student with a disability, the student's discipline is also subject to Policy 5206B.

3. Board - Suspension or Expulsion

The Board may suspend or expel a student for an offense consistent with the student code of conduct.

Before exercising this authority, the Board must consider the Mandatory 7 Factors.

Any time the Board finds that a suspension of more than 10 school days or expulsion is warranted, the Board must base the rationale on the Mandatory 7 Factors and explain the rationale in writing.

Before exercising this authority, the Board must provide the student due process as described in Policy 5206A. If the student is a student with a disability, the student's discipline is also subject to Policy 5206B.

G. Criminal Sexual Conduct – Discretionary Suspension or Expulsion

If a student commits criminal sexual conduct, as defined in Revised School Code Section 1311, against another student enrolled in the District and expulsion is not mandatory under Policy 5206 H.3, the District may suspend or expel the student even if the student has not been criminally charged, subject to consideration of the Mandatory 7 Factors.

Before exercising this authority, the District must provide the student due process as described in Policy 5206A. If the student is a student with a disability, the student's discipline is also subject to Policy 5206B.

H. Mandatory Suspension or Expulsion

Building principals and other administrators must refer all incidents that may result in a mandatory suspension or expulsion to the Superintendent or designee for transmission to the Board. As explained below, the Board recognizes that in some circumstances it may choose not to suspend or expel a student. Nothing in this section may be construed as limiting the Board's discretion to suspend or expel a student for any offense that the student code of conduct identifies as possibly resulting in suspension or expulsion.

1. Possession of a Dangerous Weapon

a. Possession of a Firearm

If a student possesses a firearm in a weapon-free school zone, the Board will permanently expel the student unless the student demonstrates, in a clear and convincing manner, at least one of the following:

- the student was not possessing the firearm to use as a weapon or to deliver, either directly or indirectly, to another person to use as a weapon;
- the student did not knowingly possess the firearm;
- the student did not know or have reason to know that the firearm constituted a "dangerous weapon"; or
- the student possessed the firearm at the suggestion, request, or direction of, or with the express permission of, school or police authorities.

If a student demonstrates one of the above circumstances in a clear and convincing manner and the student has not been previously suspended or expelled from school, the Board will not expel the student unless the Board finds that, based on the circumstances, expulsion is warranted.

b. Possession of a Dangerous Weapon (Other than a Firearm)

If a student possesses a dangerous weapon (other than a firearm) in a weapon-free school zone, the Board will consider whether to permanently expel the student or to impose a less severe penalty after first considering the Mandatory 7 Factors.

The Board is not required to expel a student for possession of a dangerous weapon (other than a firearm) if the student demonstrates, in a clear and convincing manner, at least one of the following:

- the student was not possessing the instrument or object to use as a weapon or to deliver, either directly or indirectly, to another person to use as a weapon;
- the student did not knowingly possess the weapon;
- the student did not know or have reason to know that the instrument or object constituted a "dangerous weapon"; or
- the student possessed the weapon at the suggestion, request, or direction of, or with the express permission of, school or police authorities.

If a student demonstrates one of the above circumstances in a clear and convincing manner and the student has not been previously suspended or expelled from school, the Board will not expel the student unless the Board finds that, based on the circumstances, expulsion is warranted.

c. Applicable Definitions for Dangerous Weapon Offense

"Weapon-free school zone" means school property and a vehicle used by a school to transport students to or from school property.

"School property" means a building, playing field, or property used for school purposes to impart instruction to children or used for functions and events sponsored by a school, except a building used primarily for adult education or college extension courses.

"Dangerous weapon" means a firearm, dagger, dirk, stiletto, knife with a blade over 3 inches in length, pocket knife opened by a mechanical device, iron bar, or brass knuckles.

"Firearm" means (i) any weapon (including a starter gun) which will or is designed to or may readily be converted to expel a projectile by the action of an explosive; (ii) the frame or receiver of any such weapon; (iii) any firearm muffler or firearm silencer; or (iv) any destructive device. "Firearm" does not include an antique firearm, as defined by 18 USC § 921.

"Destructive device" means (i) any explosive, incendiary, or poison gas (including a bomb, grenade, rocket having a propellant charge of more than four ounces, missile having an explosive or incendiary charge of

more than one-quarter ounce, mine, or similar device); (ii) any type of weapon (other than a shotgun or a shotgun shell that the Attorney General finds is generally recognized as particularly suitable for sporting purposes) by whatever name known which will, or which may be readily converted to, expel a projectile by the action of an explosive or other propellant, and which has any barrel with a bore of more than one-half inch in diameter; and (iii) any combination of parts either designed or intended for use in converting any device into a destructive device and from which a destructive device may be readily assembled.

d. Additional Procedures for Dangerous Weapon Expulsion

The Superintendent or designee must ensure that if a student is expelled for possession of a dangerous weapon, the student's permanent record reflects the expulsion. The Superintendent or designee must refer a student who is expelled for possession of a dangerous weapon to the county department of social services or the county community mental health agency and notify the student's Parent (or the student, if the student is at least age 18 or is an emancipated minor) of the referral within 3 calendar days of the expulsion. The Superintendent or designee must also make a referral to local law enforcement and contact the student's Parent immediately any time a student is found to have brought a dangerous weapon to school or possessed a dangerous weapon at school, at a school related activity, or in a school vehicle. If a District official confiscates a dangerous weapon, the District official will give the dangerous weapon to law enforcement and will not release the dangerous weapon to any other person, including the legal owner.

Unless reinstated pursuant to Revised School Code Section 1311(6), a student expelled by another district or public school academy for possession of a dangerous weapon may not enroll in the District.

2. Arson

If a student commits arson as defined in Revised School Code Section 1311, in a school building or on school grounds, the Board will consider whether to permanently expel the student or to impose a less severe penalty after first considering the Mandatory 7 Factors.

The Superintendent or designee must ensure that if a student is expelled for committing arson, the student's permanent record reflects the expulsion. The Superintendent or designee must refer a student who is expelled for committing arson to the county department of social services or the county community mental health agency and notify the student's Parent (or the student, if the student is at least age 18 or is an emancipated minor) of the referral within 3 calendar days of the expulsion.

Unless reinstated pursuant to Revised School Code Section 1311(6), a student expelled by another district or public school academy for committing arson may not enroll in the District.

3. Criminal Sexual Conduct

If a student commits criminal sexual conduct as defined in Revised School Code Section 1311, in a school building or on school grounds, or pleads to, is convicted of, or is adjudicated for criminal sexual conduct against another student enrolled in the District, the Board will consider whether to permanently expel the student or to impose a less severe penalty after first considering the Mandatory 7 Factors.

The Superintendent or designee must ensure that if a student is expelled for committing criminal sexual conduct, the student's permanent record reflects the expulsion. The Superintendent or designee must refer a student who is expelled for committing criminal sexual conduct to the county department of social services or the county community mental health agency and notify the student's Parent (or the student, if the student is at least age 18 or is an emancipated minor) of the referral within 3 calendar days of the expulsion.

Unless reinstated pursuant to Revised School Code Section 1311(6), a student expelled by another district or public school academy for committing criminal sexual conduct may not enroll in the District.

4. Physical Assault

a. Physical Assault Against Employee, Volunteer, or Contractor

If a student in grade 6 or above commits a physical assault at school against an employee, volunteer, or contractor and the victim reports the physical assault to the Board or to a school administrator or, if the victim is unable to report the assault, another person makes the report on the victim's behalf, the Board will consider whether to permanently expel the student or to impose a less severe penalty after first considering the Mandatory 7 Factors.

The Superintendent or designee must ensure that if a student is expelled for physically assaulting an employee, volunteer, or contractor, the student's permanent record reflects the expulsion. The Superintendent or designee must refer a student who is expelled for physically assaulting an employee, volunteer, or contractor to the county department of social services or the county community mental health agency and notify the student's Parent (or the student, if the student is at least age 18 or is an emancipated minor) of the referral within 3 calendar days of the expulsion.

Unless reinstated pursuant to Revised School Code Section 1311a(5), a student expelled by another district or public school academy for

physically assaulting an employee, volunteer, or contractor may not enroll in the District.

b. Physical Assault Against Another Student

If a student in grade 6 or above commits a physical assault at school against another student and the physical assault is reported to the Board or to an administrator, the District will consider whether to suspend or expel the student or to impose a less severe penalty after first considering the Mandatory 7 Factors.

A resident student in grade 6 or above who is currently expelled by another district or public school academy for committing a physical assault against another student may request to enroll in the District. The Superintendent or designee will consider the request along with any information the Superintendent or designee determines relevant. The Superintendent or designee may either grant or deny the request. The Superintendent's decision is final.

c. Applicable Definitions for Physical Assault

- i. "Physical assault" means intentionally causing or attempting to cause physical harm to another through force or violence.
- ii. "At school" means in a classroom, elsewhere on school premises, on a school bus or other school-related vehicle, or at a school-sponsored activity or event whether or not it is held on school premises.

5. Bomb Threat or Similar Threat

If a student in grade 6 or above makes a bomb threat or similar threat directed at a school building, other District property, or at a school-related event, the District will consider whether to suspend or expel the student or to impose a less severe penalty after first considering the Mandatory 7 Factors.

A resident student in grade 6 or above who is currently expelled by another district or public school academy for making a bomb threat or similar threat may request to enroll in the District. The Superintendent or designee will consider the request along with any information the Superintendent or designee determines relevant. The Superintendent or designee may either grant or deny the request. The Superintendent's decision is final.

I. Victims of Alleged Sexual Assault

The District will not expel a student or suspend a student for more than 10 days for an action the student took immediately preceding, immediately following, or that could reasonably be tied to an incident in which the student was sexually assaulted or an incident in which the student reports being sexually assaulted, an incident where another person witnesses and reports the student's sexual

assault, or an incident for which school officials receive credible information that the student was sexually assaulted. This subsection does not apply if:

- The student is convicted of, pleads guilty or responsible to, or is adjudicated responsible for aggravated assault, assault with intent to commit murder, assault with intent for great bodily harm, assault with intent to maim, attempted murder, homicide, manslaughter; or criminal sexual conduct;
- The student commits an act described in Section H.1 through H.3 of this Policy;
- A Title IX investigation conducted pursuant to Policies 3115-3115H concludes by clear and convincing evidence that the report of sexual assault was false; or
- The Board or the Superintendent determines, after considering the Mandatory 7 factors, that a longer-term suspension or expulsion is warranted.

In determining whether to suspend a student described in this section, the District will consider the recommendations of the District's Title IX Coordinator, as applicable.

J. Statewide School Safety Information Policy (SSSIP) & Law Enforcement Reporting

The Superintendent or designee must notify law enforcement when required by the SSSIP and make all other reports and provide all other notifications required by the SSSIP or any state or federal law. Nothing in this Policy limits the ability of a school administrator to contact law enforcement at any other time.

K. Educational Programming During Suspension or Expulsion

Except as otherwise required by law or as provided in this Policy, a student who has been suspended or expelled may not be on school property, attend classes or other school functions, or participate in extracurricular activities during the student's suspension or expulsion without written permission from the Superintendent or designee. District personnel may assist students who have been suspended or expelled to explore alternative means, as allowed by law, to earn credit and to complete coursework during the period of the student's suspension or expulsion.

Legal authority: 18 USC 921; 20 USC 1401 et seq., 7151; 29 USC 705, 794-794b; MCL 380.1308-1310, 380.1310a, 380.1310c, 380.1310d, 380.1310e, 380.1311, 380.1311a, 380.1312, 380.1313

Date adopted:

Date revised:

Series 5000: Students, Curriculum, and Academic Matters

5200 Student Conduct and Discipline

5206B Student Discipline - Students with Disabilities

The District will follow all applicable state and federal laws related to disciplining students with disabilities. Students with disabilities are entitled to all due process protections afforded to other students pursuant to Policy 5206A. For students with disabilities, the additional procedures and protections in this Policy also apply.

A. Change of Placement

On the date on which the District decides to: (1) expel a student with a disability; (2) remove a student with a disability for more than 10 consecutive school days; (3) remove a student with a disability for more than 10 cumulative school days in the same school year if a pattern of removals exists; or (4) place a student with a disability in an interim alternative educational setting (explained below), the District will notify the student's Parent of that decision, will provide the Parent a copy of applicable procedural safeguards, and will conduct a manifestation determination review (MDR) within 10 school days.

B. Manifestation Determination Review

The MDR team, which includes the Parent and relevant members of the student's IEP or Section 504 Team, will determine whether the student's conduct was a manifestation of the student's disability.

1. Conduct Was a Manifestation

If the conduct was a manifestation of the student's disability, the District must immediately return the student to the placement from which the student was removed unless the Parent and the District agree to change the placement or the student is placed in an interim alternative educational setting for up to 45 school days (see section C).

For a student with an IEP, if the conduct was a manifestation of the student's disability, the District must either: (1) conduct a functional behavioral assessment (unless one was previously conducted) and implement a behavior intervention plan for the student; or (2) if a behavior intervention plan was already developed, review and modify the behavior intervention plan to address the conduct at issue.

If the conduct was a manifestation because the District failed to implement the student's IEP or 504 Plan, the District must take immediate steps to remedy the implementation failure.

2. Conduct Was Not a Manifestation

If the conduct was not a manifestation of the student's disability, the District may proceed with the suspension or expulsion by adhering to the due process requirements in Policy 5206A.

If the student has an IEP, the District must, as appropriate, conduct a functional behavioral assessment and develop a behavior intervention plan or other behavioral modifications for the student to prevent the behavior from recurring.

C. Interim Alternative Educational Setting ("IAES")

The District may remove a student with a disability who engages in any of the following conduct to an IAES for not more than 45 school days, even if the conduct is a manifestation of the student's disability:

1. carrying a weapon to or possessing a weapon at school, on school premises, or to or at a school function;
2. knowingly possessing or using illegal drugs, or selling or soliciting the sale of a controlled substance, while at school, on school premises, or at a school function; or
3. inflicting serious bodily injury upon another person while at school, on school premises, or at a school function.

For purposes of this section only, a "weapon" means a device, instrument, material, or substance, animate or inanimate, that is used for, or is readily capable of, causing death or serious bodily injury. A "weapon" does not include a pocket knife with a blade of less than 2½ inches in length.

No student with a disability may be removed to an IAES without first receiving the due process rights afforded under Policy 5206A.

If the student has an IEP, the District must, as appropriate, conduct a functional behavioral assessment and develop a behavior intervention plan or other behavioral modifications for the student to prevent the behavior from continuing.

D. Dangerous Students

The District may remove a dangerous student from school as permitted by law. District administrators must follow all state and federal laws governing the removal of dangerous students with disabilities.

E. Services During Disciplinary Removal or IAES

A student who is eligible for services under the Individuals with Disabilities Education Act (IDEA) who is expelled or suspended for more than 10 school days during a school year or placed in a 45-school day IAES is entitled to receive programs and services, although in a setting other than the regular school setting, that are sufficient to enable the student to participate in the general

education curriculum and to progress toward meeting the goals contained in the student's IEP.

F. Students Not Yet IDEA Eligible

A student who is not currently identified as a student with a disability under the IDEA is entitled to the rights and procedures provided to students with disabilities if the District had knowledge that the student was a student with a disability before the misconduct occurred. The District is deemed to have knowledge that a student was a student with a disability only if: (1) the student's Parent expressed concern in writing to a school administrator that the student needed special education or related services; (2) the student's Parent requested a special education evaluation; or (3) the student's teacher or other District personnel expressed specific concerns about a pattern of behavior demonstrated by the student to the District's special education director or to other supervisory personnel. The District will not be deemed to have knowledge that the student was a student with a disability if: (1) the student's Parent refused to allow the District to evaluate the student; (2) the student's Parent refused special education for the student; or (3) the student was previously evaluated and determined to not be a student with a disability.

This Policy does not provide a comprehensive description of the disciplinary rights and procedures due to students with disabilities. District administrators must ensure that the rights of students with disabilities are protected and all procedures applicable to students with disabilities are followed as required by the IDEA, Section 504 of the Rehabilitation Act, state law, and Board Policy.

Legal authority: 20 USC 1401 et seq., 7151; 29 USC 705, 794-794b; MCL 380.1308-1310, 380.1310a, 380.1310c, 380.1310d, 380.1311, 380.1311a, 380.1312, 380.1313

Date adopted:

Date revised:

Series 5000: Students, Curriculum, and Academic Matters

5200 Student Conduct and Discipline

5206D Student Discipline - Enrollment Following Misconduct at Another Public or Nonpublic School

To the extent permitted by law, the District may deny enrollment to a student who engaged in misconduct in another public or nonpublic school and who seeks to enroll in the District either: (1) before the previous school imposes disciplinary consequences for the misconduct; or (2) while the student is suspended or expelled from the previous public or nonpublic school. The Superintendent or designee must refer the student to the Board if, under the student code of conduct, the student's misconduct in the previous public or nonpublic school would result in a long-term suspension or expulsion from that institution and, in the Superintendent's or designee's opinion, the student's enrollment in the District would jeopardize the safety or welfare of the District or substantially disrupt District operations. The Board will hold a pre-enrollment hearing following the Superintendent's or designee's referral to consider whether the student may enroll and, if so, any conditions on enrollment. The Board will consider any information submitted by the Parent or student and the Superintendent in either support of or opposition to the student's enrollment.

This Policy does not apply to students seeking to enroll who are expelled for any of the following offenses:

- A. possession of a firearm or other dangerous weapon;
- B. arson;
- C. criminal sexual conduct pursuant to Policy 5206 H.3;
- D. physical assault on an employee, contractor, or volunteer if student is in grade 6 or above;
- E. physical assault of another student if student is in grade 6 or above; and
- F. a bomb threat or similar threat if student is in grade 6 or above.

Legal authority: MCL 380.11a, 380.1308-1310, 380.1310a, 380.1310c, 380.1310d, 380.1311, 380.1311a, 380.1312, 380.1313

Date adopted:

Date revised:

Series 5000: Students, Curriculum, and Academic Matters

5200 Student Conduct and Discipline

5208.01 Acceptable Use of Generative Artificial Intelligence

Students may use Generative Artificial Intelligence (“Generative AI”) in the school setting in compliance with this Policy and applicable law.

A. Definitions

1. “Generative AI” means the class of AI models that emulate the structure and characteristics of input data in order to generate derived synthetic content. This may include images, videos, audio, text, and other digital content.
2. “AI System” means any data system, software, hardware, application, tool, or utility that operates in whole or in part using AI.

B. Acceptable Use

Students may use District-approved Generative AI Systems to complete coursework when expressly authorized by their teacher. Any AI-generated material must be thoroughly reviewed to ensure appropriateness and accuracy. Students should not share personally identifiable information on an AI System.

Student use of Generative AI must comply with Board Policy, including, but not limited to, technology and acceptable use, unlawful discrimination and harassment, anti-bullying, and the student code of conduct.

C. Violation

Students who violate this Policy are subject to corrective or disciplinary action, consistent with Policy and the student code of conduct. This may include loss of technology privileges.

Legal Authority: 88 Fed Reg 75191 (October 30, 2023)

Date adopted:

Date revised:

Series 5000: Students, Curriculum, and Academic Matters

5700 Student Health and Safety

5715 Student Oral Health Assessment

For a student entering the District for the first time in kindergarten or grade 1, at the time of registration or not later than the first day of school, a Parent must provide the building principal or designee with:

- a Kindergarten Oral Health Assessment Form (MDHHS-6067) certifying that the student has received a dental oral assessment within 6 months before the date of registration;
- a written statement that the Parent will ensure that the student receives a dental oral assessment administered through the Kindergarten Oral Health Assessment (KOHA) Program; or
- a written statement that the requirement violates the Parent's personal religious beliefs.

The District will not exclude the student from attendance for failure to provide the required information.

The building principal or designee will maintain dental report records and provide an annual summary to the Michigan Department of Health and Human Services no later than November 1 of each year.

The District will provide the KOHA Form and information about the KOHA Program in its registration packets.

Legal Authority: MCL 333.9316; MCL 333.9311

Date adopted:

Date revised:

OKEMOS PUBLIC SCHOOLS
REPORT ON FINANCIAL STATEMENTS
**(with required and additional
supplementary information)**
YEAR ENDED JUNE 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Okemos Public Schools

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Okemos Public Schools, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Okemos Public Schools' 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 Okemos Public Schools, as of June 30, 2024, 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 Okemos Public Schools and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Okemos Public Schools' 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 Okemos Public Schools' 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 Okemos Public Schools' 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 Okemos Public Schools' 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 3, 2024 on our consideration of Okemos Public Schools' 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 Okemos Public Schools' 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 Okemos Public Schools internal control over financial reporting and compliance.

Maney Costerian PC

September 3, 2024

**OKEMOS PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of Okemos Public Schools' annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2024. Please read it in conjunction with the District's financial statements, which immediately follow this section. A comparative analysis with the prior year has been provided.

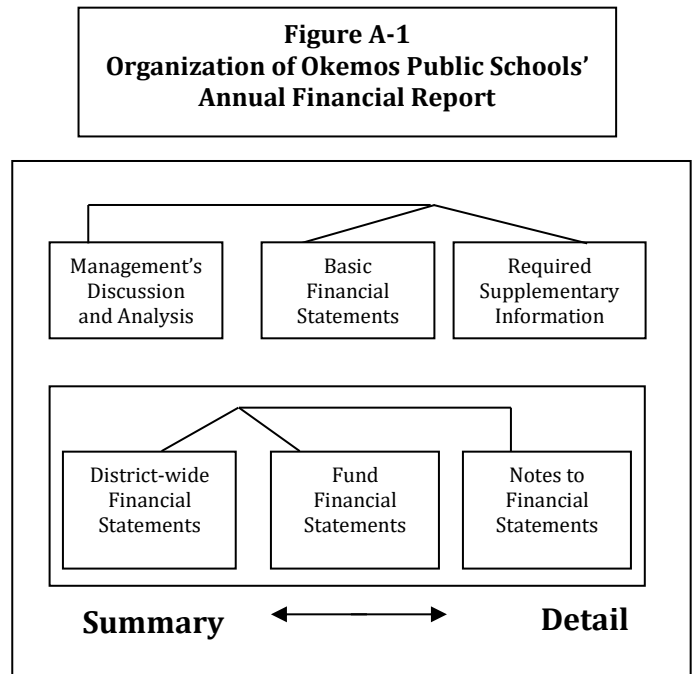
FINANCIAL HIGHLIGHTS

- The District's financial status remained stable. The District's overall revenues were \$90.9 million dollars.
- Total general fund revenues were \$70.9 million. Revenues for the 2023-2024 school year increased 2.5% from the previous year primarily due to an increase in blended student enrollment and other additional funding from the State of Michigan. Expenditures increased 3.1% over the same period due to slight increases in employee compensation and group health insurance costs as well as the corresponding increase in MPSERS expenditures.
- The District's enrollment has increased showing a growth of over 37 students in fiscal year 2023-24.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations *in more detail* than the District-wide statements.
- The *governmental funds* statements tell how *basic* services like regular and special education were financed in the *short-term* as well as what remains for future spending.



OKEMOS PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the financial statements with a comparison of the District's budget for the year as well as required schedules related to the net pension liability and net OPEB liability/(asset). Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-2		
Major Features of District-wide and Fund Financial Statements		
	<u>District-wide Statements</u>	<u>Fund Financial Statements</u>
		<u>Governmental Funds</u>
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance.
Required financial statements	* Statement of net position * Statement of activities	* Balance sheet * Statement of revenues, expenditures and changes in fund balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

OKEMOS PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS

DISTRICT-WIDE STATEMENTS

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the District's assets, deferred outflows, deferred inflows, and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's *net position* and how they have changed. Net position - the difference between the District's assets, deferred outflows, deferred inflows, and liabilities - is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's property tax base, the condition of school buildings and other facilities and the long-term cash flow needs of the District.

In the District-wide financial statements, the District's activities:

- Governmental Activities - Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state foundation aid finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debts) or to show that it is properly using certain revenues (like school lunch and student activities).

The District has one kind of fund:

- Governmental Funds - All of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, we provide additional information with the governmental funds statements that explain the relationship (or differences) between them.

**OKEMOS PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position - The District's combined net position changed as follows:

Table A-3 Okemos Public Schools' Net Position		
	2024	2023
Current and other assets	\$ 106,765,302	\$ 37,229,673
Net other postemployment benefits asset	1,782,556	-
Capital assets	75,421,427	59,279,898
Total assets	<u>183,969,285</u>	<u>96,509,571</u>
Deferred outflows	<u>37,535,174</u>	46,552,215
Noncurrent liabilities	100,676,854	27,580,528
Net pension liability	102,134,550	118,003,532
Net other postemployment benefits liability	-	6,672,724
Other liabilities	<u>15,386,671</u>	<u>10,969,460</u>
Total liabilities	<u>218,198,075</u>	<u>163,226,244</u>
Deferred inflows	<u>31,061,169</u>	<u>22,883,692</u>
Net position		
Net investment in capital assets	53,415,932	45,976,888
Restricted for debt service	34,127	323,796
Restricted for capital projects - sinking fund	3,018,713	2,705,740
Restricted for food service	147,937	268,485
Restricted for net other postemployment benefits	1,782,556	-
Unrestricted	<u>(86,154,050)</u>	<u>(92,323,059)</u>
Total net position	<u>\$ (27,754,785)</u>	<u>\$ (43,048,150)</u>

OKEMOS PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS

Table A-4		
Changes in Okemos Public Schools' Net Position		
	2024	2023
Revenues		
Program revenues		
Charges for services	\$ 2,988,326	\$ 3,318,206
Operating grants and contributions	22,557,289	21,493,550
General revenues		
Property taxes	22,718,849	21,425,665
State aid - unrestricted	35,813,305	28,685,643
Ingham ISD	5,202,193	5,097,358
Investment and other	1,644,855	1,325,898
	90,924,817	81,346,320
Expenses		
Instruction	39,045,897	39,456,168
Support services	24,803,763	23,573,224
Community services	3,209,908	2,922,773
Food services	2,483,562	1,696,002
Student/school activities	1,177,855	987,821
Athletics	983,742	924,461
Interest on long-term debt	1,554,168	837,272
Unallocated depreciation/amortization	2,372,557	2,407,990
	75,631,452	72,805,711
Change in net position	\$ 15,293,365	\$ 8,540,609

District Governmental Activities

The overall stability of the District's financial position can be credited to a focus on controlling expenditures, while attempting to limit impact on K-12 programming. It can further be attributed to the District's "balanced" approach of reducing expenditures, increasing revenue, seeking collaborative cost sharing, and annual assessment of general fund balance level to responsibly manage the District's finances. The District continued to monitor its financial status throughout the fiscal year, and made necessary adjustments to various opportunities faced by the District during 2023-2024.

- The District continued to remain fiscally responsible, initiating prudent budget decisions resulting in balanced or better operating results. In the end, the District's unassigned fund balance increased to 12.7% of expenditures at June 30, 2024 in the General Fund.
- One of the most important factors affecting the budget is our student enrollment. Prior to the Pandemic the District was experiencing consistent annual growth. Enrollment decreased during two years of the Pandemic. However, the District is once again experiencing growth with over a 100 student increase in 2022-23 and 43 students in 2023-24. Preliminary we are seeing encouraging growth over our budget estimate of 15 additional students for the start of 2024-25. The District is continuously monitoring enrollments and making staffing and non-staffing adjustments to accommodate student needs.

OKEMOS PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS

- Employee bargaining groups continued to work with the District in a positive and collaborative manner, agreeing to a 3% increase in wages for 2023-24 and 1% for 2024-25 with a potential to reopen contingent upon enrollment and foundation. Collective goals for bargaining are to support student learning and instructional time while at the same time recognizing the hard work and dedication to our employees.

As a result of a continued emphasis on conservative management and control of expenditure levels throughout the District, the positive impact on the general fund balance in 2023-2024 exceeded the Board adopted budget. The District is acutely aware of past and possible future economic restraints facing Michigan and school funding and has planned and reorganized in anticipation of possible funding shortfalls.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds reported a combined fund balance of \$92,183,455, an increase of \$65,732,399 compared to the ending funding balance of \$26,451,056 as of June 30, 2023.

General Fund Highlights

Over the course of the year, the District revised the annual operating budget twice. These budget amendments are:

- Revisions to the budget were approved in December 2023 to reflect actual enrollment counts, finalized State determined per pupil funding allowance as well as other State and Federal funding. The revisions also reflected other changes in assumptions since the original budget was adopted including actual reflection of health insurance premium increases; finalization of staffing; adjustment of wages; adjustment of supply and textbook budgets (based on enrollments); and adjustments which reflect spending. Further revisions were made to the General Fund budget in May 2024. Revenues (Federal, State and Local) and expenditures were adjusted, resulting in net changes to the Board adopted budget.
- The District's final budget for the general fund anticipated an operating surplus of \$376,095, the actual results were a surplus of \$1,005,452. The additional surplus was due to increased revenues from community education programs and decreased expenditures due to staffing.
- The District invested approximately \$20.7 million in capital assets during 2023-2024, including school building repairs and improvements, machinery and equipment, computer equipment and vehicles. Total depreciation/amortization expense for the year amounted to approximately 4.4 million.

**OKEMOS PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Table A-5 Okemos Public Schools' Capital Assets		
	2024	2023
Land and land improvements	\$ 7,413,913	\$ 7,482,660
Building and improvements	53,892,135	45,937,706
Equipment and furniture	12,260,918	4,151,259
Right to use - leased equipment	176,533	227,694
Right to use - subscription-based IT	667,494	830,887
Transportation equipment	1,010,434	649,692
Total - net of accumulated depreciation/amortization	\$ 75,421,427	\$ 59,279,898

The District's fiscal year 2024-25 capital expenditures budget anticipates spending approximately \$45,000,000 for secure vestibules, construction and design of the new 5-8 building and a new K-4 building as well as other projects determined to be pressing needs within our district. These projects are funded through the November 2022 bond election as well as District's Building and Site Sinking fund.

Long-term Debt

At June 30, 2024 the District had approximately \$100.7 million in long-term obligations outstanding - an increase of 265.0% from last year due to the passing of a new bond and paying down existing bonded debt. (More detailed information about the District's long-term liabilities is presented in the notes to the financial statements.)

Table A-6 Okemos Public Schools' Long-term Obligations		
	2024	2023
Bond and related debt	\$ 97,244,245	\$ 24,380,114
Notes from direct borrowings and direct placement	199,824	229,203
Compensated absences and other benefits	3,232,785	2,971,211
Total	\$ 100,676,854	\$ 27,580,528

SUMMARY

The District has maintained a proactive approach to the control of expenditures and the enhancement of revenues. As a result, the financial status of the District remained stable throughout the 2023-2024 fiscal year.

**OKEMOS PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of existing circumstances that could significantly affect its financial health in the future:

- District operations is reliant on state funding as over 65% of total general fund revenue is from state per pupil funding. The legislature did not provide an annual increase in foundation allowance for the 2024-25 school year rather, they appropriated the equivalent of approximately a \$410 increase per pupil spending via a change in retirement expenditures. The retirement change does not recur each year as foundation does. Therefore, the district will be diligent in monitoring the 2025-26 legislative budget process and how that process impacts future budgeting.
- The District has experienced significant enrollment growth of almost 600 pupils over the previous 10 years. Only two of those 10 years resulted in a loss and those were during the pandemic. As of the start of the 2024-25 school year, enrollment is once again on the rise and has increased by over the 15 pupils originally budget for. Actual enrollment increases will be adjusted in the December 2024 budget revision.
- Overall, the 2023-2024 General Fund original budget projected a decrease in fund balance of \$1,064,943 bringing the ending fund balance at June 30, 2024 to 12.40%. Following the ending results of FY 2023-2024, the ending fund balance is now projected to be closer to 15.6%.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Executive Director of Finance's Office, Okemos Public Schools, 4406 North Okemos Road, Okemos, Michigan 48864.

BASIC FINANCIAL STATEMENTS

OKEMOS PUBLIC SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2024

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 6,661,935
Investments	10,743,875
Receivables	
Intergovernmental	9,757,816
Property taxes and other receivables	117,769
Inventories	35,242
Prepays	928,816
Restricted investments capital projects fund	78,519,849
Net other postemployment benefits asset	1,782,556
Capital assets not being depreciated/amortized	4,353,355
Capital assets, net of accumulated depreciation/amortization	<u>71,068,072</u>
TOTAL ASSETS	<u>183,969,285</u>
DEFERRED OUTFLOWS OF RESOURCES	
Related to other postemployment benefits	6,952,769
Related to pensions	<u>30,582,405</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>37,535,174</u>
LIABILITIES	
Accounts payable	3,829,618
Arbitrage liability	187,807
Accrued salaries and related items	4,801,593
Accrued retirement	3,122,908
Accrued interest	717,017
Unearned revenue	2,727,728
Noncurrent liabilities	
Due within one year	7,535,800
Due in more than one year	93,141,054
Net pension liability	<u>102,134,550</u>
TOTAL LIABILITIES	<u>218,198,075</u>
DEFERRED INFLOWS OF RESOURCES	
Related to other postemployment benefits	14,232,960
Related to pensions	10,592,438
Related to state aid funding for pension	<u>6,235,771</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>31,061,169</u>
NET POSITION	
Net investment in capital assets	53,415,932
Restricted for debt service	34,127
Restricted for food service	147,937
Restricted for capital projects - sinking fund	3,018,713
Restricted for net other postemployment benefits	1,782,556
Unrestricted	<u>(86,154,050)</u>
TOTAL NET POSITION	<u><u>\$ (27,754,785)</u></u>

See notes to financial statements.

**OKEMOS PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating grants and contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
Governmental activities				
Instruction	\$ 39,045,897	\$ -	\$ 15,250,691	\$ (23,795,206)
Support services	25,787,505	490,099	3,829,949	(21,467,457)
Community services	3,209,908	2,317,651	-	(892,257)
Food services	2,483,562	180,576	2,250,676	(52,310)
Student/school activities	1,177,855	-	1,225,973	48,118
Interest and fees on long-term debt	1,554,168	-	-	(1,554,168)
Unallocated depreciation/amortization	2,372,557	-	-	(2,372,557)
Total governmental activities	<u>\$ 75,631,452</u>	<u>\$ 2,988,326</u>	<u>\$ 22,557,289</u>	<u>(50,085,837)</u>
General revenues				
Property taxes, levied for general purposes				10,124,413
Property taxes, levied for debt service				11,051,187
Property taxes, levied for capital projects				1,543,249
State sources - unrestricted				35,813,305
Ingham ISD special educational allocation				5,202,193
Investment earnings				1,445,630
Other				199,225
Total general revenues				<u>65,379,202</u>
CHANGE IN NET POSITION				15,293,365
NET POSITION, beginning of year				<u>(43,048,150)</u>
NET POSITION, end of year				<u>\$ (27,754,785)</u>

See notes to financial statements.

**OKEMOS PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024**

	General Fund	2019 Capital Projects Fund	2023 Capital Projects Fund (Series I and II)	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 3,086,876	\$ -	\$ -	\$ 3,575,059	\$ 6,661,935
Investments	8,108,968	-	-	2,634,907	10,743,875
Receivables					
Property taxes and other receivables	116,935	-	-	834	117,769
Intergovernmental	9,719,545	-	-	38,271	9,757,816
Due from other funds	7,970	-	-	79,338	87,308
Inventories	357	-	-	34,885	35,242
Prepays	928,816	-	-	-	928,816
Restricted investments capital projects fund	-	121,656	78,398,193	-	78,519,849
	<u>\$ 21,969,467</u>	<u>\$ 121,656</u>	<u>\$ 78,398,193</u>	<u>\$ 6,363,294</u>	<u>\$ 106,852,610</u>
TOTAL ASSETS					
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 577,385	\$ 15,141	\$ 3,221,057	\$ 16,035	\$ 3,829,618
Accrued salaries and related items	4,790,710	-	-	10,883	4,801,593
Accrued retirement	3,119,740	-	-	3,168	3,122,908
Due to other funds	75,586	-	277	11,445	87,308
Unearned revenue	2,377,726	-	-	350,002	2,727,728
	<u>10,941,147</u>	<u>15,141</u>	<u>3,221,334</u>	<u>391,533</u>	<u>14,569,155</u>
TOTAL LIABILITIES					
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	100,000	-	-	-	100,000
FUND BALANCES					
Nonspendable					
Inventories	357	-	-	34,885	35,242
Prepays	928,816	-	-	-	928,816
Restricted for:					
Debt service	-	-	-	751,144	751,144
Food service	-	-	-	1,120,937	1,120,937
Capital projects	-	-	-	3,018,713	3,018,713
Capital projects - school improvements	-	106,515	75,176,859	-	75,283,374
Committed for student/school activities	-	-	-	773,474	773,474
Assigned for:					
Capital projects	-	-	-	272,608	272,608
Subsequent years expenditures	1,111,764	-	-	-	1,111,764
Unassigned	8,887,383	-	-	-	8,887,383
	<u>10,928,320</u>	<u>106,515</u>	<u>75,176,859</u>	<u>5,971,761</u>	<u>92,183,455</u>
TOTAL FUND BALANCES					
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
	<u>\$ 21,969,467</u>	<u>\$ 121,656</u>	<u>\$ 78,398,193</u>	<u>\$ 6,363,294</u>	<u>\$ 106,852,610</u>

See notes to financial statements.

**OKEMOS PUBLIC SCHOOLS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024**

Total governmental fund balances		\$ 92,183,455
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred outflows of resources - related to pensions	\$ 30,582,405	
Deferred outflows of resources - related to OPEB	6,952,769	
Deferred inflows of resources - related to pensions	(10,592,438)	
Deferred inflows of resources - related to OPEB	(14,232,960)	
Deferred inflows of resources - related to state pension funding	(6,235,771)	
Deferred inflows at June 30, 2024 expected to be collected after September 1, 2024	<u>100,000</u>	
		6,574,005
Some assets are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.		
Noncurrent assets at year-end consist of:		
Net other postemployment benefits asset		1,782,556
Capital assets used in governmental activities are not financial resources and are not reported in the funds:		
Cost of the capital assets	157,377,451	
Accumulated depreciation/amortization is	<u>(81,956,024)</u>	
		75,421,427
Long-term liabilities are not due and payable in the current period and are not reported in the funds:		
General obligation bonds		(97,244,245)
Direct borrowings and direct placement		(199,824)
Compensated absences and other benefits		(3,232,785)
Arbitrage liability		(187,807)
Net pension liability		(102,134,550)
Accrued interest is not included as a liability in governmental funds, it is recorded when paid:		
Accrued interest		<u>(717,017)</u>
Net position of governmental activities		<u><u>\$ (27,754,785)</u></u>

OKEMOS PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024

	<u>General Fund</u>	<u>2019 Capital Projects Fund</u>	<u>2023 Capital Projects Fund (Series I and II)</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Local sources					
Property taxes	\$ 10,124,413	\$ -	\$ -	\$ 12,594,436	\$ 22,718,849
Community service	2,317,964	-	-	-	2,317,964
Intermediate district	5,242,515	-	-	-	5,242,515
Investment earnings	191,336	106,569	894,366	325,988	1,518,259
Food service sales	-	-	-	180,576	180,576
Athletics	235,760	-	-	-	235,760
Student/school activity income	-	-	-	1,225,973	1,225,973
Other	397,760	-	-	24,441	422,201
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total local sources	18,509,748	106,569	894,366	14,351,414	33,862,097
State sources	49,705,355	-	-	1,582,493	51,287,848
Federal sources	2,692,350	-	-	772,655	3,465,005
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	70,907,453	106,569	894,366	16,706,562	88,614,950
EXPENDITURES					
Current					
Instruction	41,377,186	-	-	-	41,377,186
Support services	25,059,083	-	-	-	25,059,083
Community services	3,294,871	-	-	-	3,294,871
Food service	-	-	-	2,429,507	2,429,507
Student/school activities	-	-	-	1,177,855	1,177,855
Capital outlay	198,631	4,166,053	15,567,410	1,538,408	21,470,502

See notes to financial statements.

	<u>General Fund</u>	<u>2019 Capital Projects Fund</u>	<u>2023 Capital Projects Fund (Series I and II)</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
EXPENDITURES (continued)					
Debt service					
Principal repayment	\$ 57,951	\$ -	\$ -	\$ 10,040,000	\$ 10,097,951
Interest	8,294	-	-	1,003,928	1,012,222
Bond issuance costs	-	-	412,278	-	412,278
Miscellaneous	-	-	-	1,619	1,619
	<u>69,996,016</u>	<u>4,166,053</u>	<u>15,979,688</u>	<u>16,191,317</u>	<u>106,333,074</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES					
	<u>911,437</u>	<u>(4,059,484)</u>	<u>(15,085,322)</u>	<u>515,245</u>	<u>(17,718,124)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from the sale of bonds	-	-	76,980,000	-	76,980,000
Premium on issuance of debt	-	-	6,439,473	-	6,439,473
Proceeds from subscription-based IT arrangements	31,050	-	-	-	31,050
Transfers in	80,000	-	-	17,035	97,035
Transfers out	<u>(17,035)</u>	<u>-</u>	<u>-</u>	<u>(80,000)</u>	<u>(97,035)</u>
	<u>94,015</u>	<u>-</u>	<u>83,419,473</u>	<u>(62,965)</u>	<u>83,450,523</u>
NET CHANGE IN FUND BALANCES	1,005,452	(4,059,484)	68,334,151	452,280	65,732,399
FUND BALANCES					
Beginning of year	<u>9,922,868</u>	<u>4,165,999</u>	<u>6,842,708</u>	<u>5,519,481</u>	<u>26,451,056</u>
End of year	<u>\$ 10,928,320</u>	<u>\$ 106,515</u>	<u>\$ 75,176,859</u>	<u>\$ 5,971,761</u>	<u>\$ 92,183,455</u>

See notes to financial statements.

OKEMOS PUBLIC SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

Net change in fund balances total governmental funds	\$ 65,732,399
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	(4,378,124)
Capital outlay	20,724,135
Book value of capital assets disposed of during the year	(204,482)
Accrued interest on bonds and other debt 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	175,665
Accrued interest payable, end of the year	(717,017)
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 is the treatment of long-term debt and related items and are as follows:	
Proceeds from issuance of bonds	(76,980,000)
Premium on issuance of debt	(6,439,473)
Proceeds from subscription-based IT arrangements	(28,572)
Payment on debt principal	10,040,000
Amortization of bond premium	515,342
Payments on notes from direct borrowings and direct placement	57,951
Arbitrage liability	(72,629)
Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available:	
Unavailable revenue, beginning of the year	(100,000)
Unavailable revenue, end of the year	100,000
Compensated absences and other benefits 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 other benefits, beginning of the year	2,971,211
Accrued compensated absences and other benefits, end of the year	(3,232,785)
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	5,478,577
Pension related items	(701,385)
Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to section 147c pension contributions subsequent to the measurement period:	
Change in state aid funding for pension	2,352,552
Change in net position of governmental activities	\$ 15,293,365

See notes to financial statements.

**OKEMOS PUBLIC SCHOOLS
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 activities of the District. *Governmental activities* normally are supported by taxes and intergovernmental revenues.

Reporting Entity

Okemos Public Schools (the "District") is governed by the Okemos Public Schools 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.

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. 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 *2019 Capital Projects Fund* includes 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.

The *2023 Capital Projects Fund (Series I and II)* includes 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.

**OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements (continued)

Beginning with the year of bond issuance, the District has reported the annual construction activity in the *2019 capital projects fund* and the *2023 capital projects fund (Series I and II)*. The projects related to the 2019 bonds and 2023 bonds were ongoing as of June 30, 2024. The cumulative revenues and expenditures recognized for the construction period were as follows:

	2019 Capital Projects Fund	2023 Capital Projects Fund (Series I and II)
Revenue and other financing sources	\$ 25,721,838	\$ 94,183,872
Expenditures and outgoing transfers	\$ 25,615,323	\$ 19,007,013

The District reports the following *Other Nonmajor Funds*:

The *Special Revenue Funds* account for revenue sources that are legally restricted 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 the special revenue funds.

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

The *Capital Projects Sinking Fund* accounts for the receipt of property taxes and the acquisition of capital assets or construction of major capital projects.

The *Capital Projects Fund* accounts for the receipt of local funding that will be used for the acquisition of capital assets or construction of major capital projects.

Sinking Fund - The Okemos Public Schools capital project fund records capital project activities funded with Sinking Fund millage. For this fund, the District has complied with the applicable provisions of §1212(I) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 2023-1.

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.

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

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

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

**OKEMOS PUBLIC SCHOOLS
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 fund is appropriated on a project-length basis. Other funds do not have appropriated budgets.

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

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

- a. The Superintendent submits to the 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.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. 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.
- d. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.
- e. The budget was amended during the year with supplemental appropriations, the last one was approved prior to year ended June 30, 2024. The District does not consider these amendments to be significant.

**OKEMOS PUBLIC SCHOOLS
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.

**OKEMOS PUBLIC SCHOOLS
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, right to use – leased equipment, right to use - subscription based IT arrangements, 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 \$15,000 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
Land improvements	10 - 27.5 years
Building and improvements	10 - 50 years
Furniture and fixtures	7 - 20 years
Machinery and equipment	5 - 20 years
Computers and equipment	5 - 10 years
Right to use - leased equipment	5 years
Transportation equipment	5 - 10 years
Right to use - subscription-based IT	3 - 7 years

Defined Benefit Plans

For purposes of measuring the net pension and other postemployment benefit asset, deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits, and pension and other postemployment benefits expense, information about the fiduciary net position of the Michigan Public Employees Retirement System (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 assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. They are the deferred charge on pension and other postemployment benefits related items reported in the government-wide statement of net position. A deferred outflow is recognized for pension and other postemployment benefit related items. These amounts are expensed in the plan year in which they apply.

**OKEMOS PUBLIC SCHOOLS
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 assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category. The first is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension benefit 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 last item arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from receipts that are received after 60 days of year end. These amounts are deferred and recognized as inflows 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.

During the year ended June 30, 2022, the District issued bonded debt in the amount of \$13,150,000 used to make principal and interest payments related to the School Loan Revolving Fund. As of June 30, 2024, the outstanding balance was \$1,940,000. Of this amount, 8.00% of these proceeds are not considered capital related debt as this amount was used to pay off accrued interest. The amount not considered capital-related debt as of June 30, 2024 is \$155,200.

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.

**OKEMOS PUBLIC SCHOOLS
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

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

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

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

Leases and Subscription Based IT Arrangements (SBITA)

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

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

Key estimates and judgements related to lease/SBITA include how the District determines (1) the discount rate it uses to discount the expected lease/SBITA payments to present value, (2) lease/SBITA term, and (3) lease/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 leases/SBITA.
- The lease/SBITA term includes the noncancelable period of the lease/subscription. Lease/SBITA payments included in the measurement of the lease/SBITA liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

**OKEMOS PUBLIC SCHOOLS
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)

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

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

Revenues and Expenditures/Expenses

Program Revenues

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

Property Taxes

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

For the year ended June 30, 2024, the District levied the following amounts per \$1,000 of assessed valuation:

Fund	Mills
General fund	
Non-Principal Residence Exemption (PRE)	18.0000
Commercial Personal Property	6.0000
Debt service fund	
PRE, Non-PRE, Commercial Personal Property	7.0000
Capital projects fund (Sinking Fund):	
PRE, Non-PRE, Commercial Personal Property	0.9850

Compensated Absences

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.

**OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses (continued)

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, 2024, the District had the following deposits and investments subject to the following risks:

Custodial Credit Risk - Deposits.

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2024, \$7,301,068 of the District's bank balance of \$7,551,068 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 \$6,661,935.

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.

**OKEMOS PUBLIC SCHOOLS
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.

Investment Type	Fair Value	Weighted Average Maturity (years)
MILAF External Investment pool - Max	\$ 89,263,724	N/A
Portfolio weighted average maturity		N/A

1 day maturity equals approximately .0027 years.

Concentration Of Credit Risk

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

Investment Type	Fair Value	Standard & Poor's Rating	Rating Agency
MILAF External Investment pool - Max	\$ 89,263,724	AAAm	Standard & Poor's

Foreign Currency Risk

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

**OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

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

	Amortized Cost
MILAF External Investment pool - Max	\$ 89,263,724

The carrying amount of deposits and investments are as follows:

Investments	\$ 89,263,724
Deposits	6,661,935
	\$ 95,925,659

**OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement (continued)

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

Cash and cash equivalents	\$ 6,661,935
Investments	10,743,875
Investments restricted for capital projects fund	<u>78,519,849</u>
	<u>\$ 95,925,659</u>

NOTE 3 - INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables as of June 30, 2024 consist of the following:

State aid - Michigan Department of Education	\$ 9,251,473
Federal	421,574
Intermediate school district and other	<u>84,769</u>
Total	<u>\$ 9,757,816</u>

Amounts due from other governmental units include amounts due from federal, state and local sources for various projects and programs.

No allowance for doubtful accounts is considered necessary.

**OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 - CAPITAL ASSETS

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

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Assets, not being depreciated/amortized				
Land	\$ 4,353,355	\$ -	\$ -	\$ 4,353,355
Capital assets, being depreciated/amortized				
Land improvements	12,416,496	288,092	-	12,704,588
Building and improvements	98,745,947	10,604,035	-	109,349,982
Furniture and fixtures	8,910,506	619,526	-	9,530,032
Machinery and equipment	4,623,019	342,988	-	4,966,007
Computers and equipment	9,821,513	8,287,722	(5,335,638)	12,773,597
Right to use - leased equipment	255,804	-	-	255,804
Right to use - subscription-based IT	997,693	28,572	-	1,026,265
Transportation equipment	2,301,282	553,200	(436,661)	2,417,821
Total capital assets, being depreciated/amortized	<u>138,072,260</u>	<u>20,724,135</u>	<u>(5,772,299)</u>	<u>153,024,096</u>
Accumulated depreciation/amortization				
Land improvements	9,287,191	356,839	-	9,644,030
Building and improvements	52,808,241	2,649,606	-	55,457,847
Furniture and fixtures	7,357,989	124,329	-	7,482,318
Machinery and equipment	4,119,171	99,199	-	4,218,370
Computers and equipment	7,726,619	712,567	(5,131,156)	3,308,030
Right to use - leased equipment	28,110	51,161	-	79,271
Right to use - subscription-based IT	166,806	191,965	-	358,771
Transportation equipment	1,651,590	192,458	(436,661)	1,407,387
Total accumulated depreciation/amortization	<u>83,145,717</u>	<u>4,378,124</u>	<u>(5,567,817)</u>	<u>81,956,024</u>
Net capital assets, being depreciated/amortized	<u>54,926,543</u>	<u>16,346,011</u>	<u>204,482</u>	<u>71,068,072</u>
Net governmental capital assets	<u>\$ 59,279,898</u>	<u>\$ 16,346,011</u>	<u>\$ 204,482</u>	<u>\$ 75,421,427</u>

Depreciation/amortization for the fiscal year ended June 30, 2024 amounted to \$4,378,124. The District allocated depreciation/amortization to the various activities as follows:

Instruction	\$ 6,874
Support	1,997,671
Community service	1,022
Unallocated	<u>2,372,557</u>
	<u>\$ 4,378,124</u>

**OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - LONG-TERM OBLIGATIONS

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.

The following is a summary of governmental long-term obligations for the District for the year ended June 30, 2024:

	Compensated Absences and Other Benefits	General Obligation Bonds	Direct Borrowings and Direct Placements	Total
Balance July 1, 2023	\$ 2,971,211	\$ 24,380,114	\$ 229,203	\$ 27,580,528
Additions	261,574	83,419,473	28,572	83,709,619
Deletions	-	(10,555,342)	(57,951)	(10,613,293)
Balance June 30, 2024	3,232,785	97,244,245	199,824	100,676,854
Due within one year	(161,639)	(7,315,000)	(59,161)	(7,535,800)
Due in more than year	\$ 3,071,146	\$ 89,929,245	\$ 140,663	\$ 93,141,054

Long-term obligations currently outstanding is as follows:

General Obligation Bonds

2021 Refunding Bond due in annual installments of \$1,940,000 through May 1, 2025 with interest at .69%.	\$ 1,940,000
2019 Building and Site Bond due in annual installments of \$5,090,000 through May 1, 2025 with interest at 5%.	5,090,000
2023 Bond (Series I) due in annual installments of \$125,000 to \$470,000 through May 1, 2043 with interest at 5% to 4%.	5,795,000
2023 Bond (Series II) due in annual installments of \$285,000 to \$7,805,000 through May 1, 2054 with interest at 5%.	76,980,000
Premium on bonds	7,439,245
Total general obligation debt	97,244,245

**OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - LONG-TERM OBLIGATIONS

Direct Borrowings and Direct Placement

Copier leases due in monthly installments ranging from \$508 to \$3,059, including an implied interest rate of 4.00%. The leases expire at various dates through March 2028. \$ 181,152

SBITA - During the 2024 fiscal year, the District entered into a SBITA agreement. An initial liability was recorded in the amount of \$28,572 during the current fiscal year. Due in annual installments of \$9,900 with an implied interest rate of 4.0%. 18,672

Total direct borrowing and direct placement 199,824

Compensated Absences

Obligation under contract for compensated absences and other benefits. 3,232,785

Total general long-term obligations \$ 100,676,854

The District's outstanding notes from direct borrowings and direct placements related to governmental activities of \$199,824 contains provisions that in an event of default, either by (1) unable to make principal or interest payments (2) false or misrepresentation is made to the lender (3) become insolvent or make an assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

**OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

The annual requirements to amortize debt outstanding as of June 30, 2024, including interest payments are as follows:

Year Ending June 30,	General Obligation Bonds		Direct Borrowings and Direct Placements		Compensated Absences and Other Benefits	Total
	Principal	Interest	Principal	Interest		
2025	\$ 7,315,000	\$ 4,356,244	\$ 59,161	\$ 7,083	\$ -	\$ 11,737,488
2026	7,930,000	4,084,800	61,565	4,679	-	12,081,044
2027	2,450,000	3,688,300	52,020	2,181	-	6,192,501
2028	2,745,000	3,565,800	27,078	452	-	6,338,330
2029	970,000	3,428,550	-	-	-	4,398,550
2030 - 2034	6,210,000	16,328,750	-	-	-	22,538,750
2035 - 2039	10,730,000	14,460,500	-	-	-	25,190,500
2040 - 2044	14,495,000	11,391,300	-	-	-	25,886,300
2045 - 2049	16,230,000	7,696,250	-	-	-	23,926,250
2050 - 2054	20,730,000	3,210,750	-	-	-	23,940,750
	89,805,000	72,211,244	199,824	14,395	-	162,230,463
Premium on bonds	7,439,245	-	-	-	-	7,439,245
Compensated absences and other benefits	-	-	-	-	3,232,785	3,232,785
	<u>\$ 97,244,245</u>	<u>\$ 72,211,244</u>	<u>\$ 199,824</u>	<u>\$ 14,395</u>	<u>\$ 3,232,785</u>	<u>\$ 172,902,493</u>

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

Interfund payable and receivable balances at June 30, 2024 are as follows:

Receivable Fund		Payable Fund	
General fund	\$ 7,970	General fund	\$ 75,586
2023 Capital Projects Fund (Series I and II)	-	2023 Capital Projects Fund (Series I and II)	277
Nonmajor Governmental Funds	<u>79,338</u>	Nonmajor Governmental Funds	<u>11,445</u>
Total	<u>\$ 87,308</u>		<u>\$ 87,308</u>

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

**OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

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.

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%.

**OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2010

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

Pension Reform 2012

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

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

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

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

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

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

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

**OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2012 (continued)

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

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

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

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

Pension Reform of 2017

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

**OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Benefits Provided - Other Postemployment Benefit (OPEB)

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

Retiree Healthcare Reform of 2012

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

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

Regular Retirement (no reduction factor for age)

Eligibility - A Basic plan member may retire at age 55 with 30 years credited service; or age 60 with 10 years credited service. For Member Investment Plan (MIP) members, age 46 with 30 years credited service; or age 60 with 10 years credited service; or age 60 with 5 years of credited service provided member worked through 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.

**OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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, 2023 were determined as of the September 30, 2020 actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2020 are amortized over a 16-year period beginning October 1, 2022 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, 2023 - September 30, 2024	13.90% - 23.03%	7.06% - 8.31%

The District's pension contributions for the year ended June 30, 2024 were equal to the required contribution total. Total pension contributions were approximately \$13,528,000. Of the total pension contributions approximately \$13,094,000 was contributed to fund the Defined Benefit Plan and approximately \$434,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2024 were equal to the required contribution total. Total OPEB contributions were approximately \$3,080,000. Of the total OPEB contributions approximately \$2,825,000 was contributed to fund the Defined Benefit Plan and approximately \$255,000 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).

**OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

Pension Liabilities

The net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2022 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

<u>MPERS (Plan) Non-university Employers</u>	<u>September 30, 2023</u>	<u>September 30, 2022</u>
Total pension liability	\$ 94,947,828,557	\$ 95,876,795,620
Plan fiduciary net position	\$ 62,581,762,238	\$ 58,268,076,344
Net pension liability	\$ 32,366,066,319	\$ 37,608,719,276
Proportionate share	0.31556%	0.31377%
Net pension liability for the District	\$ 102,134,550	\$ 118,003,532

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

For the year ended June 30, 2024, the District recognized pension expense of \$13,795,368.

At June 30, 2024, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change of assumptions	\$ 13,839,696	\$ 7,979,654
Net difference between projected and actual earnings on pension plan investments	-	2,090,004
Differences between expected and actual experience	3,224,076	156,454
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,329,525	366,326
Reporting Unit's contributions subsequent to the measurement date	<u>12,189,108</u>	<u>-</u>
	<u>\$ 30,582,405</u>	<u>\$ 10,592,438</u>

\$12,189,108, 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.

**OKEMOS PUBLIC SCHOOLS
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 (continued)

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

Year Ending September 30,	Amount
2024	\$ 2,777,417
2025	1,871,920
2026	4,606,108
2027	(1,454,586)

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

OPEB Liabilities (Assets)

The net OPEB liability (asset) was measured as of September 30, 2023, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation date of September 30, 2022 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net OPEB liability (asset) was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined.

<i>MPSERS (Plan) Non-university Employers</i>	September 30, 2023	September 30, 2022
Total other postemployment benefit liability	\$ 11,223,648,949	\$ 12,522,713,324
Plan fiduciary net position	\$ 11,789,347,341	\$ 10,404,650,683
Net other postemployment benefit liability (asset)	\$ (565,698,392)	\$ 2,118,062,641
Proportionate share	0.31511%	0.31504%
Net other postemployment benefit liability (asset) for the District	\$ (1,782,556)	\$ 6,672,724

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

For the year ended June 30, 2024, the District recognized OPEB benefit of \$2,653,200.

**OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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

At June 30, 2024, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 3,968,280	\$ 477,856
Net difference between projected and actual earnings on OPEB plan investments	5,435	-
Differences between expected and actual experience	-	13,469,907
Changes in proportion and differences between employer contributions and proportionate share of contributions	501,037	285,197
Reporting Unit's contributions subsequent to the measurement date	2,478,017	-
	\$ 6,952,769	\$ 14,232,960

\$2,478,017, reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability (asset) in the subsequent fiscal year.

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

Year Ending September 30,	Amount
2024	\$ (3,104,474)
2025	(2,955,580)
2026	(1,215,401)
2027	(1,131,389)
2028	(892,232)
2029	(459,132)

**OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

Active: PubT-2010 Male and Female Employee Mortality Tables scaled 100% and MP-202 adjusted for mortality improvements using projection scale from 2010.

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

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

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

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

Healthcare Cost Trend Rate for Other Postemployment Benefit - Pre 65, 7.50% for year one and graded to 3.5% in year fifteen. Post 65, 6.25% for year one and graded to 3.5% in year fifteen.

**OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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

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

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

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

The target asset allocation at September 30, 2023 and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Investment Category</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return*</u>
Domestic Equity Pools	25.0%	5.8%
International Equity Pools	15.0%	6.8%
Private Equity Pools	16.0%	9.6%
Real Estate and Infrastructure Pools	10.0%	6.4%
Fixed Income Pools	13.0%	1.3%
Absolute Return Pools	9.0%	4.8%
Real Return/Opportunistic Pools	10.0%	7.3%
Short Term Investment Pools	2.0%	0.3%
	<u>100.0%</u>	

* Long term rate of return are net of administrative expenses and 2.7% inflation.

Rate of Return - For fiscal year ended September 30, 2023, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was (8.29)% and (7.94)% 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.

**OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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	<u>\$ 137,983,478</u>	<u>\$ 102,134,550</u>	<u>\$ 72,289,021</u>

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

	Other Postemployment Benefit		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability (asset)	<u>\$ 1,847,976</u>	<u>\$ (1,782,556)</u>	<u>\$ (4,902,641)</u>

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

	Other Postemployment Benefit		
	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability (asset)	<u>\$ (4,910,420)</u>	<u>\$ (1,782,556)</u>	<u>\$ 1,602,819</u>

**OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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 2023 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 - COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. 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 believes such amounts, if any, would be immaterial.

NOTE 9 - 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. With regard to injuries to employees, the District participates in an association of educational institutions within the State of Michigan for self-insuring workers disability compensation. The association is considered a public entity risk sharing pool. The District pays annual premiums to the association for its workers' disability compensation coverage. In the event the association's total claims and expenses for a policy year exceeded the total normal annual premiums for said years, all members of the policy year may be subject to special assessment to make up the difference. The association maintains reinsurance for claims in excess of \$500,000 for each occurrence with the overall maximum coverage being unlimited. The District has not been informed of any special assessments being required. This program is recorded in the general fund. The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance.

Self-funded dental and vision insurance programs were approved by the Board of Education and implemented for support personnel. All plans have limits on amounts for expenditures that will be reimbursed. This program is recorded in the general fund. Any liability for incurred and unreported claims is not considered material.

Settlements have not exceeded coverage for each of the past three fiscal years. Changes in the balances of claims liabilities during the past 3 years have been immaterial.

**OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 - TRANSFERS

Interfund transfers for the fiscal year ended June 30, 2024 are as follows:

	General Fund	Transfers in Nonmajor Governmental Funds	Total
Transfers out			
General fund	\$ -	\$ 17,035	\$ 17,035
Nonmajor Governmental Funds	80,000	-	80,000
 Total	 \$ 80,000	 \$ 17,035	

During the year, transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in the other funds in accordance with budgetary authorizations.

Further, during the year ended June 30, 2024, Okemos Public Schools made the following one-time transfers:

- A transfer of \$80,000 from the food service fund to the general fund for indirect cost expenditure reimbursement.
- A transfer of \$17,035 from the general fund to various non major funds for capital and bond related expenditures.

NOTE 11 - TAX ABATEMENTS

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

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

Municipality	Taxes Abated
Meridian Township	\$ 105,592

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.

**OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 12 - UPCOMING ACCOUNTING PRONOUNCEMENTS

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.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of circumstances disclosed and the government's vulnerability to the risk of substantial impact. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement establishes new accounting and financial reporting requirements - or modifies existing requirements - related to the following:

- a. Management's discussion and analysis (MD&A);
 - i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
 - 1) Overview of the Financial Statements,
 - 2) Financial Summary,
 - 3) Detailed Analyses,
 - 4) Significant Capital Asset and Long-Term Financing Activity,
 - 5) Currently Known Facts, Decisions, or Conditions;
 - ii. Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;
 - iii. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;
- b. Unusual or infrequent items;
- c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
 - i. Requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and clarifies the definition of operating and nonoperating revenues and expenses;
 - ii. Requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses and defines subsidies;
- d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements of should be presented after the fund financial statements;

**OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 12 - UPCOMING ACCOUNTING PRONOUNCEMENTS (continued)

- e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

**OKEMOS PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2024**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local sources	\$ 16,779,710	\$ 18,005,848	\$ 18,509,748	\$ 503,900
State sources	46,676,062	49,721,163	49,705,355	(15,808)
Federal sources	2,953,342	2,938,092	2,692,350	(245,742)
TOTAL REVENUES	66,409,114	70,665,103	70,907,453	242,350
EXPENDITURES				
Current				
Instruction				
Basic programs	32,039,381	32,678,096	32,744,380	(66,284)
Added needs	8,874,673	9,182,172	8,632,806	549,366
Total instruction	40,914,054	41,860,268	41,377,186	483,082
Supporting services				
Pupil	5,462,247	5,532,599	5,722,793	(190,194)
Instructional staff	3,151,319	3,422,328	3,256,085	166,243
General administration	721,002	815,530	751,363	64,167
School administration	4,357,749	3,950,325	3,933,818	16,507
Business	861,702	945,958	907,049	38,909
Operations and maintenance	5,102,581	5,885,659	5,869,018	16,641
Transportation	1,342,183	1,389,906	1,410,540	(20,634)
Central	1,950,944	2,244,380	2,190,483	53,897
Athletics	868,964	882,227	1,017,934	(135,707)
Total supporting services	23,818,691	25,068,912	25,059,083	9,829
Community services	2,666,312	3,260,997	3,294,871	(33,874)
Capital outlay	155,000	198,631	198,631	-
Debt Service				
Principal repayment	-	-	57,951	(57,951)
Interest	-	-	8,294	(8,294)
Total debt service	-	-	66,245	(66,245)
TOTAL EXPENDITURES	67,554,057	70,388,808	69,996,016	392,792
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,144,943)	276,295	911,437	635,142
OTHER FINANCING SOURCES (USES)				
Proceeds from leases	-	19,800	-	(19,800)
Proceeds from subscription-based IT arrangements	-	-	31,050	31,050
Transfers in	80,000	80,000	80,000	-
Transfers out	-	-	(17,035)	(17,035)
TOTAL OTHER FINANCING SOURCES (USES)	80,000	99,800	94,015	(5,785)
NET CHANGE IN FUND BALANCE	\$ (1,064,943)	\$ 376,095	1,005,452	\$ 629,357
FUND BALANCE				
Beginning of year			9,922,868	
End of year			<u>\$ 10,928,320</u>	

**OKEMOS PUBLIC SCHOOLS
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 THE PLAN YEAR ENDED SEPTEMBER 30)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Reporting Unit's proportion of net pension liability (%)	0.31556%	0.31377%	0.31378%	0.30913%	0.30204%	0.29781%	0.29446%	0.28402%	0.27502%	0.26922%
Reporting Unit's proportionate share of net pension	\$ 102,134,550	\$ 118,003,532	\$ 73,405,268	\$ 106,189,243	\$ 100,024,383	\$ 89,526,314	\$ 76,307,692	\$ 70,861,622	\$ 67,174,817	\$ 59,299,481
Reporting Unit's covered-employee payroll	\$ 31,537,299	\$ 30,631,496	\$ 28,065,403	\$ 27,818,733	\$ 26,737,156	\$ 25,503,566	\$ 25,027,904	\$ 24,336,762	\$ 22,962,203	\$ 22,692,532
Reporting Unit's proportionate share of net pension as a percentage of its covered-employee payroll	323.85%	385.24%	261.55%	381.72%	374.10%	351.03%	304.89%	291.17%	292.55%	261.32%
Plan fiduciary net position as a percentage of total pension liability (Non-university employers)	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

**OKEMOS PUBLIC SCHOOLS
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>2024</u>	<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	\$ 13,093,983	\$ 14,322,599	\$ 10,303,088	\$ 9,079,868	\$ 8,356,210	\$ 7,889,595	\$ 7,849,263	\$ 6,885,428	\$ 6,193,998	\$ 4,935,873
Contributions in relation to statutorily required contributions	<u>13,093,983</u>	<u>14,322,599</u>	<u>10,303,088</u>	<u>9,079,868</u>	<u>8,356,210</u>	<u>7,889,595</u>	<u>7,849,263</u>	<u>6,885,428</u>	<u>6,193,998</u>	<u>4,935,873</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll	\$ 32,882,072	\$ 30,975,699	\$ 29,284,255	\$ 27,770,543	\$ 27,754,219	\$ 26,507,293	\$ 25,450,771	\$ 25,807,538	\$ 23,952,924	\$ 22,692,073
Contributions as a percentage of covered-employee payroll	39.82%	46.24%	35.18%	32.70%	30.11%	29.76%	30.84%	26.68%	25.86%	21.75%

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

	2023	2022	2021	2020	2019	2018	2017
Reporting Unit's proportion of net OPEB liability (%)	0.31511%	0.31504%	0.31016%	0.31348%	0.30542%	0.29991%	0.29436%
Reporting Unit's proportionate share of net OPEB (asset) liability	\$ (1,782,556)	\$ 6,672,724	\$ 4,734,265	\$ 16,794,102	\$ 21,922,632	\$ 23,839,817	\$ 26,066,532
Reporting Unit's covered-employee payroll	\$ 31,537,299	\$ 30,631,496	\$ 28,065,403	\$ 27,818,733	\$ 26,737,156	\$ 25,503,566	\$ 25,027,904
Reporting Unit's proportionate share of net OPEB liability (asset) as a percentage of its covered-employee payroll	5.65%	21.78%	16.87%	60.37%	81.99%	93.48%	104.15%
Plan fiduciary net position as a percentage of total OPEB liability (Non-university employers)	105.04%	83.09%	87.33%	59.44%	48.48%	42.95%	36.39%

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

**OKEMOS PUBLIC SCHOOLS
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)**

	2024	2023	2022	2021	2020	2019	2018
Statutorily required contributions	\$ 2,825,377	\$ 2,540,790	\$ 2,402,148	\$ 2,377,660	\$ 2,356,668	\$ 2,182,909	\$ 2,217,970
Contributions in relation to statutorily required contributions	<u>2,825,377</u>	<u>2,540,790</u>	<u>2,402,148</u>	<u>2,377,660</u>	<u>2,356,668</u>	<u>2,182,909</u>	<u>2,217,970</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll	\$ 32,882,072	\$ 30,975,699	\$ 29,284,255	\$ 27,770,543	\$ 27,754,219	\$ 26,507,293	\$ 25,450,771
Contributions as a percentage of covered-employee payroll	8.59%	8.20%	8.20%	8.56%	8.49%	8.24%	8.71%

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.

**OKEMOS PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2024**

NOTE 1 - PENSION INFORMATION

Benefit Changes - there were no changes of benefit terms in 2023.

Changes of Assumptions - the assumption changes for 2023 were:

- Mortality assumptions were updated to the Pub-2010 Male and Female Retiree Mortality Tables from the RP-2014 Male and Female Health Annuitant table.

NOTE 2 - OPEB INFORMATION

Benefit Changes - there were no changes of benefit terms in 2023.

Changes of Assumptions - the assumption changes for 2023 were:

- Healthcare cost trend rate
 - Pre 65 decreased to 7.50% for year one graded to 3.50% for year fifteen from 7.75% for year one graded to 3.50% for year fifteen.
 - Post 65 increased to 6.25% for year one and graded to 3.5% for year fifteen from 5.25% for year one and graded to 3.5% for year fifteen.
- Mortality assumptions were updated to the Pub-2010 Male and Female Retiree Mortality Tables from the RP-2014 Male and Female Healthy Annuitant table.

ADDITIONAL SUPPLEMENTARY INFORMATION

**OKEMOS PUBLIC SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES
JUNE 30, 2024**

	Special Revenue				Total Nonmajor Funds
	Food Service Fund	Student/ School Activities Fund	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	
ASSETS					
Cash and cash equivalents	\$ 1,389,126	\$ 785,919	\$ 748,485	\$ 651,529	\$ 3,575,059
Investments	-	-	-	2,634,907	2,634,907
Property taxes and other receivables	834	-	-	-	834
Due from other governments	38,271	-	-	-	38,271
Due from other funds	59,308	-	2,659	17,371	79,338
Inventories	34,885	-	-	-	34,885
TOTAL ASSETS	\$ 1,522,424	\$ 785,919	\$ 751,144	\$ 3,303,807	\$ 6,363,294
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 2,549	\$ 1,000	\$ -	\$ 12,486	\$ 16,035
Accrued salaries and related items	10,883	-	-	-	10,883
Accrued retirement	3,168	-	-	-	3,168
Due to other funds	-	11,445	-	-	11,445
Unearned revenue	350,002	-	-	-	350,002
TOTAL LIABILITIES	366,602	12,445	-	12,486	391,533
FUND BALANCES					
Nonspendable					
Inventories	34,885	-	-	-	34,885
Restricted for:					
Debt service	-	-	751,144	-	751,144
Capital projects	-	-	-	3,018,713	3,018,713
Food service	1,120,937	-	-	-	1,120,937
Committed for:					
Student/school activities	-	773,474	-	-	773,474
Assigned for:					
Capital projects	-	-	-	272,608	272,608
TOTAL FUND BALANCES	1,155,822	773,474	751,144	3,291,321	5,971,761
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,522,424	\$ 785,919	\$ 751,144	\$ 3,303,807	\$ 6,363,294

**OKEMOS PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2024**

	Special Revenue		Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Funds
	Food Service Fund	Student/ School Activities Fund			
REVENUES					
Local sources					
Property taxes	\$ -	\$ -	\$ 11,051,187	\$ 1,543,249	\$ 12,594,436
Investment earnings	-	-	155,428	170,560	325,988
Food service sales	180,576	-	-	-	180,576
Student/school activity income	-	1,225,973	-	-	1,225,973
Other	2,160	-	-	22,281	24,441
Total local sources	182,736	1,225,973	11,206,615	1,736,090	14,351,414
State sources	1,479,127	-	90,615	12,751	1,582,493
Federal sources	772,655	-	-	-	772,655
TOTAL REVENUES	2,434,518	1,225,973	11,297,230	1,748,841	16,706,562
EXPENDITURES					
Food service	2,429,507	-	-	-	2,429,507
Student/school activities	-	1,177,855	-	-	1,177,855
Capital outlay	100,947	-	-	1,437,461	1,538,408
Debt service:					
Principal repayment	-	-	10,040,000	-	10,040,000
Interest	-	-	1,003,928	-	1,003,928
Miscellaneous	-	-	1,619	-	1,619
TOTAL EXPENDITURES	2,530,454	1,177,855	11,045,547	1,437,461	16,191,317
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(95,936)	48,118	251,683	311,380	515,245
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	17,035	17,035
Transfers out	(80,000)	-	-	-	(80,000)
TOTAL OTHER FINANCING SOURCES (USES)	(80,000)	-	-	17,035	(62,965)
NET CHANGE IN FUND BALANCES	(175,936)	48,118	251,683	328,415	452,280
FUND BALANCES					
Beginning of year	1,331,758	725,356	499,461	2,962,906	5,519,481
End of year	<u>\$ 1,155,822</u>	<u>\$ 773,474</u>	<u>\$ 751,144</u>	<u>\$ 3,291,321</u>	<u>\$ 5,971,761</u>

**OKEMOS PUBLIC SCHOOLS
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
JUNE 30, 2024**

(with comparative totals for the year ended 2023)

	Capital Projects		Totals	
	Fund	Sinking Fund	2024	2023
ASSETS				
Cash and cash equivalents	\$ 255,611	\$ 395,918	\$ 651,529	\$ 722,633
Investments	-	2,634,907	2,634,907	2,423,958
Property taxes and other receivables	-	-	-	10,205
Due from other funds	16,997	374	17,371	18,084
TOTAL ASSETS	\$ 272,608	\$ 3,031,199	\$ 3,303,807	\$ 3,174,880
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ 12,486	\$ 12,486	\$ 53,028
Due to other funds	-	-	-	158,946
TOTAL LIABILITIES	-	12,486	12,486	211,974
FUND BALANCES				
Restricted	-	3,018,713	3,018,713	2,705,740
Assigned	272,608	-	272,608	257,166
TOTAL FUND BALANCES	272,608	3,018,713	3,291,321	2,962,906
TOTAL LIABILITIES AND FUND BALANCE	\$ 272,608	\$ 3,031,199	\$ 3,303,807	\$ 3,174,880

**OKEMOS PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2024
(with comparative totals for the year ended 2023)**

	Capital Projects		Totals	
	Fund	Sinking Fund	2024	2023
REVENUES				
Local sources				
Property taxes	\$ -	\$ 1,543,249	\$ 1,543,249	\$ 1,454,363
Investment earnings	8,873	161,687	170,560	90,275
Other	22,281	-	22,281	96,227
Total local sources	31,154	1,704,936	1,736,090	1,640,865
State sources	-	12,751	12,751	7,796
TOTAL REVENUES	31,154	1,717,687	1,748,841	1,648,661
EXPENDITURES				
Capital outlay	136,338	1,301,123	1,437,461	1,066,277
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(105,184)	416,564	311,380	582,384
OTHER FINANCING SOURCES (USES)				
Proceeds from the sale of capital assets	-	-	-	1,203
Transfers in	17,035	-	17,035	17,035
TOTAL OTHER FINANCING SOURCES (USES)	17,035	-	17,035	18,238
NET CHANGE IN FUND BALANCES	(88,149)	416,564	328,415	600,622
FUND BALANCES				
Beginning of year	360,757	2,602,149	2,962,906	2,362,284
End of year	<u>\$ 272,608</u>	<u>\$ 3,018,713</u>	<u>\$ 3,291,321</u>	<u>\$ 2,962,906</u>

**OKEMOS PUBLIC SCHOOLS
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
JUNE 30, 2024
(with comparative totals for the year ended 2023)**

			Totals		
	2019 Debt Retirement	2021 Refunding Debt Service Fund	2023 Debt Retirement	2024	2023
ASSETS					
Cash and cash equivalents	\$ 337,803	\$ 176,201	\$ 234,481	\$ 748,485	\$ 440,455
Property taxes and other receivables	-	-	-	-	60,421
Due from other funds	1,277	412	970	2,659	1,724
TOTAL ASSETS	\$ 339,080	\$ 176,613	\$ 235,451	\$ 751,144	\$ 502,600
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 3,139
FUND BALANCES					
Restricted for debt service	339,080	176,613	235,451	751,144	499,461
TOTAL LIABILITIES AND FUND BALANCES	\$ 339,080	\$ 176,613	\$ 235,451	\$ 751,144	\$ 502,600

**OKEMOS PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2024
(with comparative totals for the year ended 2023)**

	2019 Debt Retirement	2021 Refunding Debt Service Fund	2023 Debt Retirement	Totals	
				2024	2023
REVENUES					
Local sources					
Property taxes	\$ 5,304,828	\$ 1,707,594	\$ 4,038,765	\$ 11,051,187	\$ 10,405,316
Investment earnings	77,621	27,684	50,123	155,428	101,471
Total local sources	5,382,449	1,735,278	4,088,888	11,206,615	10,506,787
State sources	43,495	13,981	33,139	90,615	55,344
TOTAL RVEENUES	5,425,944	1,749,259	4,122,027	11,297,230	10,562,131
EXPENDITURES					
Principal repayment	4,855,000	1,780,000	3,405,000	10,040,000	9,430,000
Interest	497,250	25,668	481,010	1,003,928	787,107
Miscellaneous	526	527	566	1,619	1,712
TOTAL EXPENDITURES	5,352,776	1,806,195	3,886,576	11,045,547	10,218,819
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	73,168	(56,936)	235,451	251,683	343,312
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	500
NET CHANGE IN FUND BALANCES	73,168	(56,936)	235,451	251,683	343,812
FUND BALANCES					
Beginning of year	265,912	233,549	-	499,461	155,649
End of year	\$ 339,080	\$ 176,613	\$ 235,451	\$ 751,144	\$ 499,461

**OKEMOS PUBLIC SCHOOLS
GENERAL LONG-TERM DEBT
BONDED DEBT SERVICE - PRINCIPAL AND INTEREST REQUIREMENTS
YEAR ENDED JUNE 30, 2024**

<u>Date</u>	<u>Name</u>	<u>Kind</u>	<u>Original Issue</u>
06/10/19	2019 School building and site bonds	General obligation	<u><u>\$ 21,965,000</u></u>

Purpose: The proceeds from the bonds will be used for the purpose of remodeling, equipping and re-equipping and furnishing and re-furnishing school buildings, including for school security improvements; erecting, furnishing, and equipping additions to Bennett Woods Elementary School; acquiring, installing and equipping or re-equipping school buildings for instructional technology; purchasing school buses; and preparing, developing and improving athletic facilities and sites.

<u>Debt Service Fiscal Year June 30th</u>	<u>Interest Rate</u>	<u>Principal Due May 1</u>	<u>Interest Due</u>		<u>Total</u>
			<u>May 1</u>	<u>November 1</u>	
2025	5.00%	<u><u>\$ 5,090,000</u></u>	<u><u>\$ 127,250</u></u>	<u><u>\$ 127,250</u></u>	<u><u>\$ 5,344,500</u></u>

**OKEMOS PUBLIC SCHOOLS
GENERAL LONG-TERM DEBT
BONDED DEBT SERVICE - PRINCIPAL AND INTEREST REQUIREMENTS
YEAR ENDED JUNE 30, 2024**

Date	Name	Kind	Original Issue
08/19/21	2021 Refunding bonds	Refunding Bonds	<u>\$ 13,150,000</u>

Purpose: The proceeds from the bonds were used to repay the school loan revolving fund outstanding principal and interest

Debt Service Fiscal Year June 30th	Interest Rate	Principal Due May 1	Interest Due		Total
			May 1	November 1	
2025	0.69%	<u>\$ 1,940,000</u>	<u>\$ 6,693</u>	<u>\$ 6,693</u>	<u>\$ 1,953,386</u>

**OKEMOS PUBLIC SCHOOLS
GENERAL LONG-TERM DEBT
BONDED DEBT SERVICE - PRINCIPAL AND INTEREST REQUIREMENTS
YEAR ENDED JUNE 30, 2024**

Date	Name	Kind	Original Issue
02/09/23	2023 School building and site bonds (Series I)	General obligation	\$ <u>9,200,000</u>

Purpose: The proceeds from the bonds will be used for the purpose of erecting, furnishing and equipping additions to a school building; erecting, furnishing and equipping a new middle school building as an addition to Chippewa Middle School; erecting, furnishing and equipping additions to school buildings; remodeling, equipping and re-equipping school buildings for instructional technology; purchasing school buses; and preparing, developing, improving and equipping playgrounds, play fields, athletic fields and facilities and sites.

Debt Service Fiscal Year June 30th	Interest Rate	Principal Due May 1	Interest Due		Total
			May 1	November 1	
2025	5.00%	\$ -	\$ 125,025	\$ 125,025	\$ 250,050
2026	5.00%	125,000	125,025	125,025	375,050
2027	5.00%	165,000	121,900	121,900	408,800
2028	5.00%	190,000	117,775	117,775	425,550
2029	5.00%	220,000	113,025	113,025	446,050
2030	5.00%	245,000	107,525	107,525	460,050
2031	5.00%	270,000	101,400	101,400	472,800
2032	5.00%	295,000	94,650	94,650	484,300
2033	5.00%	315,000	87,275	87,275	489,550
2034	4.00%	330,000	79,400	79,400	488,800
2035	4.00%	345,000	72,800	72,800	490,600
2036	4.00%	355,000	65,900	65,900	486,800
2037	4.00%	370,000	58,800	58,800	487,600
2038	4.00%	390,000	51,400	51,400	492,800
2039	4.00%	405,000	43,600	43,600	492,200
2040	4.00%	420,000	35,500	35,500	491,000
2041	4.00%	435,000	27,100	27,100	489,200
2042	4.00%	450,000	18,400	18,400	486,800
2043	4.00%	470,000	9,400	9,400	488,800
		<u>\$ 5,795,000</u>	<u>\$ 1,455,900</u>	<u>\$ 1,455,900</u>	<u>\$ 8,706,800</u>

**OKEMOS PUBLIC SCHOOLS
GENERAL LONG-TERM DEBT
BONDED DEBT SERVICE - PRINCIPAL AND INTEREST REQUIREMENTS
YEAR ENDED JUNE 30, 2024**

Date	Name	Kind	Original Issue
05/02/24	2023 School building and site bonds (Series II)	General obligation	<u>\$ 76,980,000</u>

Purpose: The proceeds from the bonds will be used for the purpose of erecting, furnishing and equipping additions to a school building; erecting, furnishing and equipping a new middle school building as an addition to Chippewa Middle School; erecting, furnishing and equipping additions to school buildings; remodeling, equipping and re-equipping school buildings for instructional technology; purchasing school buses; and preparing, developing, improving and equipping playgrounds, play fields, athletic fields and facilities and sites.

Debt Service Fiscal Year June 30th	Interest Rate	Principal Due May 1	Interest Due		Total
			May 1	November 1	
2025	5.00%	\$ 285,000	\$ 1,913,808	\$ 1,924,500	\$ 4,123,308
2026	5.00%	7,805,000	1,917,375	1,917,375	11,639,750
2027	5.00%	2,285,000	1,722,250	1,722,250	5,729,500
2028	5.00%	2,555,000	1,665,125	1,665,125	5,885,250
2029	5.00%	750,000	1,601,250	1,601,250	3,952,500
2030	5.00%	825,000	1,582,500	1,582,500	3,990,000
2031	5.00%	850,000	1,561,875	1,561,875	3,973,750
2032	5.00%	925,000	1,540,625	1,540,625	4,006,250
2033	5.00%	1,035,000	1,517,500	1,517,500	4,070,000
2034	5.00%	1,120,000	1,491,625	1,491,625	4,103,250
2035	5.00%	1,220,000	1,463,625	1,463,625	4,147,250
2036	5.00%	1,510,000	1,433,125	1,433,125	4,376,250
2037	5.00%	1,865,000	1,395,375	1,395,375	4,655,750
2038	5.00%	2,075,000	1,348,750	1,348,750	4,772,500
2039	5.00%	2,195,000	1,296,875	1,296,875	4,788,750
2040	5.00%	2,300,000	1,242,000	1,242,000	4,784,000
2041	5.00%	2,415,000	1,184,500	1,184,500	4,784,000
2042	5.00%	2,540,000	1,124,125	1,124,125	4,788,250
2043	5.00%	2,665,000	1,060,625	1,060,625	4,786,250
2044	5.00%	2,800,000	994,000	994,000	4,788,000
2045	5.00%	2,935,000	924,000	924,000	4,783,000
2046	5.00%	3,085,000	850,625	850,625	4,786,250
2047	5.00%	3,240,000	773,500	773,500	4,787,000
2048	5.00%	3,400,000	692,500	692,500	4,785,000
2049	5.00%	3,570,000	607,500	607,500	4,785,000
2050	5.00%	3,750,000	518,250	518,250	4,786,500
2051	5.00%	3,940,000	424,500	424,500	4,789,000
2052	5.00%	4,135,000	326,000	326,000	4,787,000
2053	5.00%	4,345,000	222,625	222,625	4,790,250
2054	5.00%	4,560,000	114,000	114,000	4,788,000
		<u>\$ 76,980,000</u>	<u>\$ 34,510,433</u>	<u>\$ 34,521,125</u>	<u>\$ 146,011,558</u>

**OKEMOS PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass- through Grantor's Number	Approved Grant Award Amount	Accrued (unearned) Revenue 7/1/2023	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Cash Receipts	Accrued (unearned) Revenue 6/30/2024
U.S. Department of Agriculture								
Passed through Michigan Department of Education								
Child Nutrition Cluster								
Non-cash assistance (donated foods)								
National School Lunch Program								
Entitlement	10.555	N/A	\$ 133,540	\$ -	\$ 109,128	\$ 133,540	\$ 133,540	\$ -
Entitlement - Bonus		N/A	1,106	-	2,531	1,106	1,106	-
Total non-cash assistance			<u>134,646</u>	<u>-</u>	<u>111,659</u>	<u>134,646</u>	<u>134,646</u>	<u>-</u>
Cash Assistance								
National School Lunch Program	10.555	241960	451,380	-	-	451,380	446,584	4,796
National School Lunch Program		240910	108,048	-	-	-	108,048	(108,048)
National School Lunch Program		231960	511,789	18,010	440,076	71,713	89,723	-
National School Lunch Program		220910	223,872	(141,871)	23,602	-	-	(141,871)
			<u>1,295,089</u>	<u>(123,861)</u>	<u>463,678</u>	<u>523,093</u>	<u>644,355</u>	<u>(245,123)</u>
Total ALN 10.555			<u>1,429,735</u>	<u>(123,861)</u>	<u>575,337</u>	<u>657,739</u>	<u>779,001</u>	<u>(245,123)</u>
School Breakfast Program	10.553	241970	89,674	-	-	89,674	87,710	1,964
School Breakfast Program		231970	48,960	2,079	40,385	8,575	10,654	-
Total ALN 10.553			<u>138,634</u>	<u>2,079</u>	<u>40,385</u>	<u>98,249</u>	<u>98,364</u>	<u>1,964</u>
Total cash assistance			<u>1,433,723</u>	<u>(121,782)</u>	<u>504,063</u>	<u>755,988</u>	<u>877,365</u>	<u>(243,159)</u>
Total Child Nutrition Cluster			<u>1,568,369</u>	<u>(121,782)</u>	<u>615,722</u>	<u>755,988</u>	<u>877,365</u>	<u>(243,159)</u>
Local Food for Schools	10.185	230985	16,667	-	-	16,667	16,667	-
Total U.S. Department of Agriculture			<u>1,585,036</u>	<u>(121,782)</u>	<u>615,722</u>	<u>772,655</u>	<u>894,032</u>	<u>(243,159)</u>

The accompanying notes are an integral part of the schedule.

OKEMOS PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass- through Grantor's Number	Approved Grant Award Amount	Accrued (unearned) Revenue 7/1/2023	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Cash Receipts	Accrued (unearned) Revenue 6/30/2024
<u>U.S. Department of Education</u>								
Passed through Michigan Department of Education								
Title I, Part A - Improving Basic Programs	84.010	241530-2324	\$ 250,930	\$ -	\$ -	\$ 114,041	\$ 88,198	\$ 25,843
Title I, Part A - Improving Basic Programs		231530-2223	176,716	50,902	176,716	-	50,902	-
Total ALN 84.010			427,646	50,902	176,716	114,041	139,100	25,843
Title II, Part A - Supporting Effective Instruction	84.367	240520-2324	65,702	-	-	65,702	49,765	15,937
Title II, Part A - Supporting Effective Instruction		230520-2223	48,047	22,140	46,655	1,392	23,532	-
Total ALN 84.367			113,749	22,140	46,655	67,094	73,297	15,937
Title III, Part A - Language Instruction for Immigrant Students	84.365	240580-2324	59,294	-	-	25,490	21,342	4,148
Title III, Part A - Language Instruction for Immigrant Students		230580-2223	47,864	3,100	8,801	35,990	39,090	-
Total ALN 84.365			107,158	3,100	8,801	61,480	60,432	4,148
Title IV, Part A - Student Support and Academic Enrichment	84.424	240750-2324	10,068	-	-	6,683	5,942	741
		230750-2223	10,000	830	9,932	-	830	-
Total ALN 84.424			20,068	830	9,932	6,683	6,772	741
Education Stabilization Fund								
COVID-19 Elementary and Secondary School								
Emergency Relief Fund (ESSER II 98c Learning Loss)	84.425D	203710-1920	231,871	231,871	231,871	-	231,871	-
Emergency Relief Fund (ESSER II Supplemental)	84.425D	213712-2021	401,785	134,810	309,753	-	134,810	-
Emergency Relief Fund (ESSER III Formula Funds)	84.425U	213742-2122	902,993	130,075	387,300	463,174	491,697	101,552
Emergency Relief Fund (ESSER III Equalization Funds)	84.425U	213723-2122	4,155,466	475,556	1,392,368	1,634,494	2,030,130	79,920
Total ALN 84.425			5,692,115	972,312	2,321,292	2,097,668	2,888,508	181,472

The accompanying notes are an integral part of the schedule.

**OKEMOS PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass- through Grantor's Number	Approved Grant Award Amount	Accrued (unearned) Revenue 7/1/2023	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Cash Receipts	Accrued (unearned) Revenue 6/30/2024
<u>U.S. Department of Education (continued)</u>								
Passed through Ingham Intermediate School District								
Special Education Cluster								
Special Education - Preschool	84.173	230460-2223	\$ 22,067	\$ 22,067	\$ 22,067	\$ 21,929	\$ 22,067	\$ 21,929
COVID 19 - Special Education - Preschool (American Rescue Plan)	84.173X	221285-2122	7,722	3,835	3,835	-	3,835	-
Total ALN 84.173			<u>29,789</u>	<u>25,902</u>	<u>25,902</u>	<u>21,929</u>	<u>25,902</u>	<u>21,929</u>
Special Education - Flowthrough	84.027	220450-2022	3,247	3,247	3,529	3,128	3,247	3,128
Total Special Education Cluster			<u>33,036</u>	<u>29,149</u>	<u>29,431</u>	<u>25,057</u>	<u>29,149</u>	<u>25,057</u>
Total U.S. Department of Education			<u>6,393,772</u>	<u>1,078,433</u>	<u>2,592,827</u>	<u>2,372,023</u>	<u>3,197,258</u>	<u>253,198</u>
<u>U.S. Department of Health and Human Services</u>								
Passed through Ingham Intermediate School District								
Medicaid Cluster								
Medical Assistance Program	93.778	2024	44,642	-	-	44,642	44,642	-
COVID 19 - Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	242810-HRA2024	336,000	-	-	251,142	89,526	161,616
COVID 19 - Epidemiology and Laboratory Capacity for Infectious Diseases		232810-HRA2023	336,000	166,540	263,234	24,543	191,083	-
Total ALN 93.323			<u>672,000</u>	<u>166,540</u>	<u>263,234</u>	<u>275,685</u>	<u>280,609</u>	<u>161,616</u>
Total U.S. Department of Health and Human Services			<u>716,642</u>	<u>166,540</u>	<u>263,234</u>	<u>320,327</u>	<u>325,251</u>	<u>161,616</u>
TOTAL FEDERAL AWARDS			<u>\$ 8,695,450</u>	<u>\$ 1,123,191</u>	<u>\$ 3,471,783</u>	<u>\$ 3,465,005</u>	<u>\$ 4,416,541</u>	<u>\$ 171,655</u>

The accompanying notes are an integral part of the schedule.

**OKEMOS PUBLIC SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Okemos Public Schools under programs of the federal government for the year ended June 30, 2024. 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 Okemos Public Schools, it is not intended to and does not present the financial position or changes in net position of Okemos Public Schools.

The District qualifies for low-risk auditee status. Management has utilized the Nexsys Cash Management System (CMS) and the Grant Auditor Report in preparing the schedule of expenditures of federal awards.

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 not 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. Okemos Public Schools has elected to not use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 - RECONCILING WITH AUDITED FINANCIAL STATEMENTS

Federal expenditures are reported as revenue in the following funds in the financial statements:

General fund	\$ 2,692,350
Other nonmajor governmental fund	<u>772,655</u>
 Total federal revenue in the fund financial statements	 <u>3,465,005</u>
 Expenditures per schedule of expenditures of federal awards	 <u><u>\$ 3,465,005</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
Okemos Public Schools

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Okemos Public Schools as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Okemos Public Schools' basic financial statements and have issued our report thereon dated September 3, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Okemos Public Schools' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Okemos Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of the Okemos Public Schools' 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 have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Maney Costeiran PC

September 3, 2024



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

To the Board of Education
Okemos Public Schools

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Okemos Public Schools' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Okemos Public Schools' major federal programs for the year ended June 30, 2024. Okemos Public Schools' 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, Okemos Public Schools 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, 2024.

Basis of Presentation 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 Okemos Public Schools 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 Okemos Public Schools' 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 Okemos Public Schools' 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 Okemos Public Schools' 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 Okemos Public Schools' 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 Okemos Public Schools' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Okemos Public Schools' 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 Okemos Public Schools' 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.

Government Auditing Standards requires the auditors to perform limited procedures to Okemos Public Schools response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Okemos Public Schools response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Manes Costeiran PC

September 3, 2024

**OKEMOS PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

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

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? 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? 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:

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.425	Education Stabiliization Fund

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

\$750,000

Auditee qualified as low-risk auditee?

 X Yes No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

**OKEMOS PUBLIC SCHOOLS
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024**

Finding 2023-001: Considered a significant deficiency in internal control over compliance.

Criteria: In order to comply with the Michigan Department of Education requirements, the District must maintain accurate records of meals served justifying all meals claimed and documenting that all program funds were spent only on allowable Child Nutrition Program costs.

Condition: In one monthly claim, the District did not have accurate records to support the amount of meals served and claimed, as a result they significantly underclaimed meals served.

Questioned costs: None

Cause: The District did not use an accurate tracking system to count the number of meals served for a portion of the school year.

Recommendation: The District should consistently utilize a point-of-sale system to track and claim the number of meals served.

District's Response: The District concurs with the facts of this finding and continues to implement procedures to prevent this in the future.

Status: This issue is ongoing, and we recommend that the District puts into place processes for improvement as soon as possible.



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September 3, 2024

To the Board of Education
Okemos Public Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Okemos Public Schools for the year ended June 30, 2024. 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 Okemos Public Schools are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during fiscal year 2024. We noted no transactions entered into by Okemos Public Schools 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/asset. 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.

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 3, 2024.

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 Okemos Public Schools 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 Okemos Public Schools 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 Okemos Public Schools and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Manes Costeiran PC



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September 3, 2024

To the Board of Education
Okemos Public Schools

In planning and performing our audit of the financial statements of Okemos Public Schools as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered Okemos Public Schools' internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, during our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated September 3, 2024 on the financial statements of Okemos Public Schools. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are summarized as follows.

CURRENT YEAR COMMENTS

Food Service Fund Balance

Per Michigan Department of Education (MDE) guidelines, school food authorities (SFA) must operate food services on a nonprofit basis. We noted that the food service fund balance exceeded the three months' operating expenditures allowed. MDE requires that the SFA spend down the excess by the end of the next school year. We recommend that Okemos Public Schools develop a plan to spend down the excess by June 30, 2025.

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

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

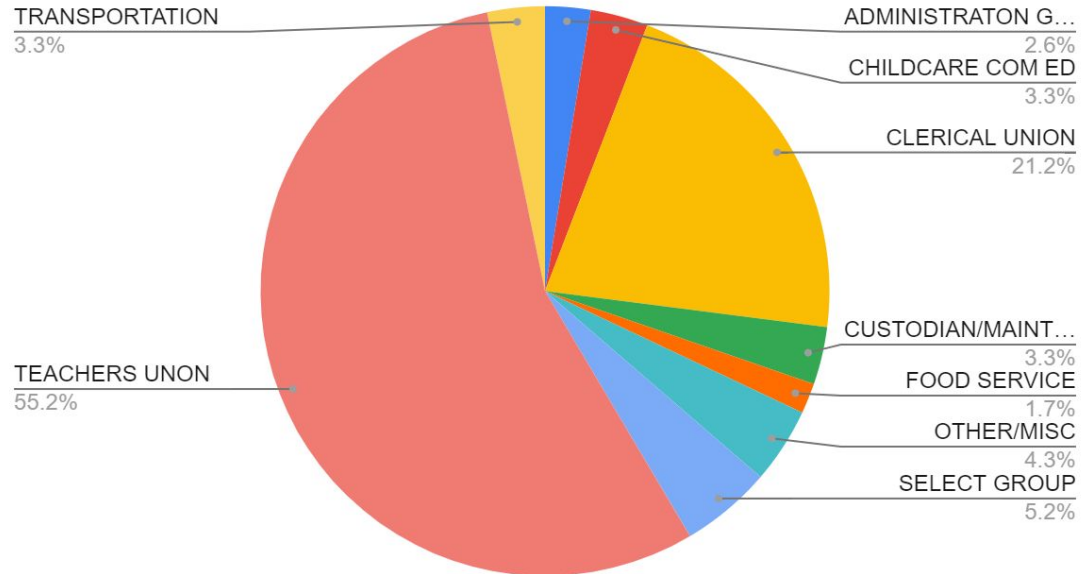
Very truly yours,

Maner Costerisan PC

Active Staff Demographics

Work Group	Total Count
ADMINISTRATION GROUP	15
CHILDCARE COMM ED	19
CLERICAL UNION	123
CUSTODIAN/MAINT UNION	19
FOOD SERVICE	10
OTHER/MISC	25
SELECT GROUP	30
TEACHERS UNION	321
TRANSPORTATION	19
Grand Total	581

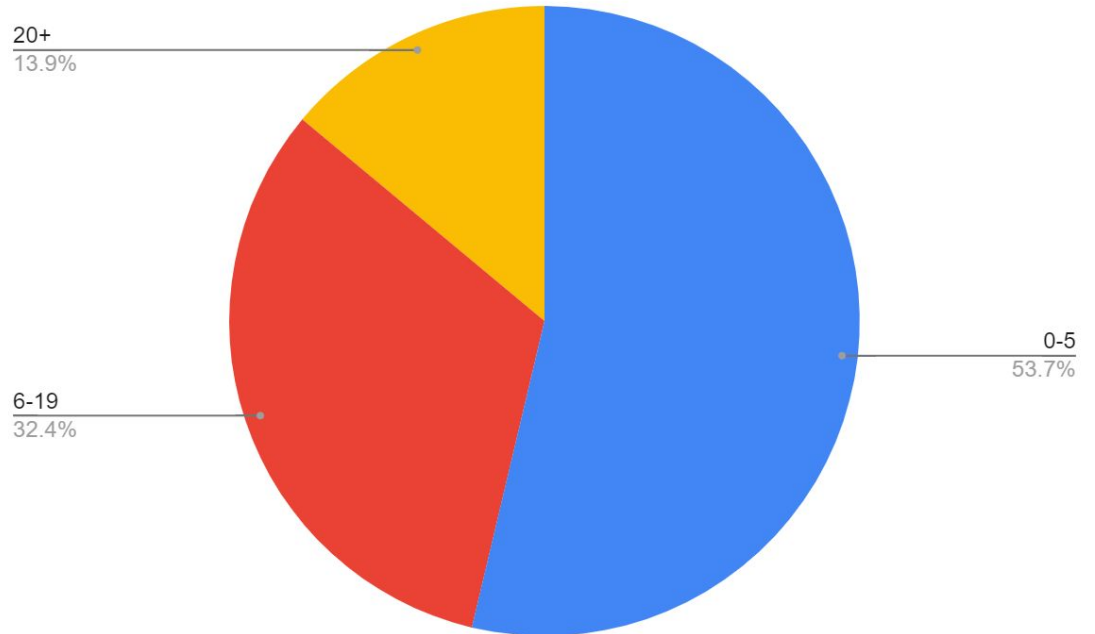
Count of Work Group - Active Staff



Note: Active OPS employees. Numbers do not include EduStaff/third party.

Active Staff Demographics

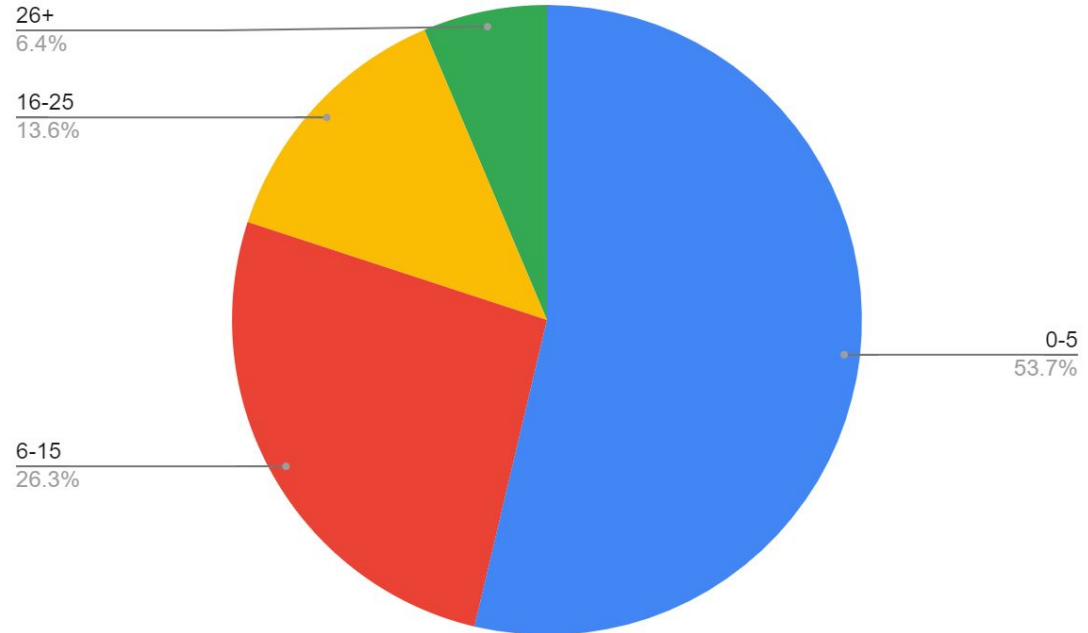
Number of Staff by Years of Service Group			
0-5	6-19	20+	Grand Total
312	188	81	581



Active Staff Demographics

Number of Staff by Years of Service Group

0-5	6-15	16-25	26+	Grand Total
312	153	79	37	581



Human Side of School Change
Chapter 6 Discussion Questions

1. The author clearly believes the quote at the top of page 91. Do you? Why or why not? If you do (believe it), to what extent do you think it's true? Please explain.
2. Evans describes the cohort effect of the teachers who came of age in the '60s (first cohort to teach as a career, higher proportion of male teachers, low satisfaction because of incongruence between individual characteristics and work environment). What is characteristic of teachers who came of age in the '80s and '90s? How do you think this influences teachers' relationship with change?
3. What surprised you, reaffirmed what you already know, or do you question?