

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

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

YEAR ENDED JUNE 30, 2024

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2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912
☎ 517.323.7500
📠 517.323.6346

INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School District of the City of East Lansing, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise School District of the City of East Lansing's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of School District of the City of East Lansing, as of June 30, 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 School District of the City of East Lansing and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2024 on our consideration of School District of the City of East Lansing's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of School District of the City of East Lansing's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering School District of the City of East Lansing's internal control over financial reporting and compliance.

Manes Costeiran PC

August 30, 2024

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2024**



The School District of the City of East Lansing is a Pre K-12 public school district located in Ingham and Clinton Counties, Michigan. The Management's Discussion and Analysis (MD&A) is intended to be management of the School District of the City of East Lansing's review of financial performance for the year ended June 30, 2024. The MD&A is recommended to be read in conjunction with the District's financial statements. Prior year information is provided for comparative analysis.

Using this Annual Report

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

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

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

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

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

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2024**



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

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

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

Fiduciary Statements - Reporting the School District’s Trustee Responsibility

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

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2024**



The School District as a Whole - Summary of Net position

The Statement of Net Position provides the perspective of the District as a whole. The following schedule summarizes the net position as of June 30, 2024 and June 30, 2023:

	2024	2023
ASSETS		
Current and other assets	\$ 30,954,125	\$ 26,479,104
Net other postemployment benefits asset	1,333,059	-
Noncurrent assets	135,925,742	141,171,219
TOTAL ASSETS	168,212,926	167,650,323
DEFERRED OUTFLOWS		
Deferred charge on refunding	453,831	529,469
Related to other postemployment benefits	5,704,468	6,022,709
Related to pensions	24,731,304	23,978,183
TOTAL DEFERRED OUTFLOWS	30,889,603	30,530,361
LIABILITIES		
Current liabilities	8,503,004	9,077,416
Noncurrent liabilities	104,616,199	105,912,271
Net other postemployment benefits liability	-	4,672,777
Net pension liability	73,829,250	81,239,738
TOTAL LIABILITIES	186,948,453	200,902,202
DEFERRED INFLOWS		
Related to other postemployment benefits	10,451,263	9,615,910
Related to pensions	7,699,498	590,966
Related to unavailable revenue - leases	-	53,905
Related to state aid funding for pension	4,658,651	5,994,444
TOTAL DEFERRED INFLOWS	22,809,412	16,255,225
NET POSITION		
Net investment in capital assets	37,181,460	36,795,222
Restricted for food service	504,391	385,303
Restricted for capital projects	596,418	434,828
Restricted for debt service	141,307	132,410
Restricted for net other postemployment benefits	1,333,059	-
Unrestricted	(50,411,971)	(56,724,506)
TOTAL NET POSITION	\$ (10,655,336)	\$ (18,976,743)

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2024**



Analysis of Financial Position

The District's net position as of June 30, 2024 totaled (\$10,655,336) which was an increase of \$8,321,407 over the June 30, 2023 balance of \$(18,976,743). A few of the more significant factors affecting net position during the year are discussed below:

Depreciation/Amortization Expense

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

The District records depreciation/amortization expense on a straight-line basis over the estimated useful lives of the assets. In accordance with GAAP, depreciation/amortization expense is calculated based on the original cost of the asset less an estimated salvage value, when applicable. For the fiscal year ended June 30, 2024 and 2023, the following was recorded as depreciation/amortization expense:

	2024	2023
Land improvements	\$ 1,238,150	\$ 1,261,961
Building and improvements	4,305,885	4,283,417
Furniture and equipment	704,744	768,259
Vehicles	40,227	27,775
Right to use - subscription-based IT	139,743	56,970
Total	\$ 6,428,749	\$ 6,398,382

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

Capital Outlay Acquisition

For the fiscal year ended June 30, 2024, \$1,300,289 of expenditures were capitalized and recorded as assets of the District. These additions to the District's capital assets are depreciated/amortized over time as explained above.

The net effect of capital asset additions, deletions, and the current year's depreciation/amortization expense is a decrease to capital assets in the amount of \$5,245,477 for the fiscal year ended June 30, 2024.

Long-Term Obligations

The District's total general long-term debt for the fiscal year ended June 30, 2024 decreased by \$1,296,072.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2024**



Results of Operations

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

For the fiscal year ended June 30, 2024 and June 30, 2023, the District-wide results of operation were:

	<u>2024</u>	<u>% of Total</u>	<u>2023</u>	<u>% of Total</u>
REVENUES				
General revenues				
Property taxes, levied for general operations	\$ 11,644,447	16.4	\$ 10,867,990	16.7
Property taxes, levied for debt service	9,236,020	13.0	9,111,643	14.0
Property taxes, levied for sinking fund	1,381,538	1.9	1,302,188	2.0
Investment earnings	1,094,170	1.5	732,414	1.1
State sources	23,300,964	32.8	22,795,791	35.1
County special education allocation	5,534,028	7.8	5,609,122	8.6
Other	357,688	0.5	609,199	0.9
Total general revenues	52,548,855	73.9	51,028,347	78.4
Program revenues				
Charges for services	142,203	0.2	344,073	0.5
Operating grants and contributions	18,291,382	25.8	13,819,158	21.1
TOTAL REVENUES	\$ 70,982,440	99.9	\$ 65,191,578	100.0
FUNCTION/PROGRAM EXPENSES				
Instruction	\$ 28,398,828	45.4	\$ 31,645,434	49.0
Support services	20,833,787	33.2	19,649,173	30.5
Community services	31,295	-	19,464	-
Food services	2,030,882	3.2	1,652,302	2.6
Student/school activities	535,636	0.9	419,837	0.7
Interest on long-term debt	4,327,175	6.9	4,538,317	7.0
Loss on disposal of capital assets	74,681	0.1	199,359	0.3
Unallocated depreciation	6,428,749	10.3	6,398,382	9.9
TOTAL EXPENSES	\$ 62,661,033	100.0	\$ 64,522,268	100.0

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2024**



Significant revenues and expenditures are discussed in the segments below:

1. Property Taxes

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

The District receives settlements from Ingham and Clinton counties on all outstanding *real* property taxes at the end of each fiscal year. The amount of unpaid *personal* property taxes at June 30, 2024 was approximately \$231,000, or 2% of the total general fund levy.

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

Fiscal year	Non-PRE (comm. personal) Operating Mills Levied	All Property Debt Service Mills Levied	All Property Sinking Fund Mills Levied
2023 - 2024	18.0000	6.3000	0.9972
2022 - 2023	18.0000	6.6300	0.9972
2021 - 2022	18.0000	6.8000	0.9990
2020 - 2021	18.0000	7.0000	1.0000
2019 - 2020	18.0000	6.5000	1.0000

2. State Sources

Per the State School Aid Act the State of Michigan funds school districts on a per pupil allowance based on a blended student enrollment. The blended enrollment consists of 90% of the current fiscal year's fall count (the first Wednesday of October) and 10% of the previous fiscal year's supplemental count (the second Wednesday of February). The District's per pupil allowance for fiscal year 2024 was \$9,608.

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

Fiscal Year	Per Pupil Allowance	\$ Increase (decrease) from Prior Year
2023 - 2024	\$ 9,608	\$ 458
2022 - 2023	9,150	450
2021 - 2022	8,700	171
2020 - 2021	8,529	-
2019 - 2020	8,529	120

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

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2024**



3. Student Enrollment

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

<u>Fiscal Year</u>	<u>Actual Blended Student FTE</u>	<u>FTE Change from Prior Year</u>
2023 - 2024	3,694	(71)
2022 - 2023	3,765	126
2021 - 2022	3,639	(53)
2020 - 2021	3,692	1
2019 - 2020	3,691	3,691

4. County Special Education Allocation

The District receives an allocation, based on a funding system, from Ingham Intermediate School District to assist with the education of students with special needs. For the fiscal year June 30, 2024 ended the District received \$3,423,136. This amount represents a decrease of \$326,517 over the prior fiscal year.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2024**



5. Expenditure Comparison by Function

The following schedule provides a comparison of fund expenditures for fiscal years 2023 - 2024 and 2022 - 2023:

Function	2023 - 2024 Fiscal Year	%	2022 - 2023 Fiscal Year	%
Basic programs	\$ 24,024,671	42.9	\$ 25,274,537	46.6
Special education	5,819,087	10.4	5,639,642	10.3
Compensatory education	2,272,108	4.1	2,287,888	4.2
Total instruction	<u>32,115,866</u>	<u>57.4</u>	<u>33,202,067</u>	<u>61.1</u>
Pupil support services	4,947,638	8.8	4,179,828	7.7
Instructional staff support services	3,668,082	6.6	3,326,321	6.1
School administration	3,132,407	5.6	3,065,629	5.6
Total instructional support	<u>11,748,127</u>	<u>21.0</u>	<u>10,571,778</u>	<u>19.4</u>
General administration	537,788	1.0	506,882	0.9
Business office	827,687	1.5	679,944	1.2
Operations and maintenance	6,149,333	11.0	5,422,785	9.9
Pupil transportation	1,794,049	3.2	1,809,927	3.3
Central	1,538,558	2.8	1,347,289	2.5
Athletics	1,060,440	1.9	935,790	1.7
Community services	31,295	-	19,464	-
Debt service	106,425	0.2	22,000	-
Total general fund	<u>55,909,568</u>	<u>100.0</u>	<u>54,517,926</u>	<u>100.0</u>
Food service fund	2,107,526		1,666,713	
Student/school activities	535,636		419,837	
Debt service funds	9,415,675		9,118,961	
Sinking funds	1,219,948		3,786,310	
2020 Capital projects fund	137,221		2,992,167	
2024 Capital projects fund	147,909		-	
Total	<u>\$ 69,473,483</u>		<u>\$ 72,501,914</u>	

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2024**



General Fund Budgetary Highlights

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

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

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

Fiscal Year	Revenues and Other Financing Sources		
	Budget	Actual	Variance
2023 - 2024	\$ 56,172,513	\$ 56,368,482	0.35%
2022 - 2023	55,286,931	55,336,889	0.09%
2021 - 2022	48,346,194	48,807,447	0.95%
2020 - 2021	46,638,091	46,947,587	0.66%
2019 - 2020	42,001,492	41,355,710	-1.54%
Five year average actual over (under) budget			0.10%

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

Fiscal Year	Expenditures and Other Financing Uses		
	Budget	Actual	Variance
2023 - 2024	\$ 56,708,602	\$ 55,909,568	-1.41%
2022 - 2023	55,860,678	54,517,926	-2.40%
2021 - 2022	47,560,469	46,446,051	-2.34%
2020 - 2021	42,355,966	41,534,344	-1.94%
2019 - 2020	41,722,063	40,809,539	-2.19%
Five year average actual over (under) budget			-2.06%

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2024**



Capital and Intangible Assets and Debt Administration

1. Capital Assets

At June 30, 2024 the District had \$135,925,742 invested in a broad range of capital assets, including land, construction in progress, land improvements, buildings, various furniture and equipment, right to use – subscription-based IT, and vehicles. This amount represents a net decrease of \$5,245,477 due to depreciation/amortization and disposals exceeding fiscal year capital asset additions.

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

	2024			2023
	Cost	Accumulated Depreciation/ amortization	Net Book Value	Net Book Value
Land	\$ 480,535	\$ -	\$ 480,535	\$ 480,535
Construction in progress	677,327	-	677,327	885,053
Land improvements	26,470,576	11,619,741	14,850,835	15,829,927
Building and additions	162,242,460	46,750,155	115,492,305	119,019,873
Furniture and equipment	10,238,909	6,131,737	4,107,172	4,749,850
Right to use - subscription-based IT	405,624	196,713	208,911	141,721
Transportation equipment	405,135	296,478	108,657	64,260
Total	\$ 200,920,566	\$ 64,994,824	\$ 135,925,742	\$ 141,171,219

2. Long-term Obligations

At June 30, 2024 the District had \$103,545,854 in general obligation debt outstanding versus \$105,001,179 at June 30, 2023.

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

Factors Bearing on the District’s Future

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

- **Student Enrollment:** State Aid Foundation revenue received is driven by the District’s blended student count. A total of 90% of the blended count is not known until the first Wednesday of October 2024. The District is projecting an enrollment increase of 31 students for fiscal year 2024-2025.
- **Foundation Allowance:** The State of Michigan passed a School Aid Fund budget that kept the District’s per pupil foundation allowance flat for fiscal year 2024-2025. The District’s 2024-2025 Original Budget included a \$253 per pupil increase in the foundation allowance.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2024**



- **Section 31aa Funding:** The State of Michigan passed a School Aid Fund budget that significantly reduced funding to section 31aa (Mental Health Grant). The District's 2024-2025 Section 31aa allocation is estimated to be reduced by \$771,000 from the 2023-2024 allocation.
- **Retirement Rate:** The State retirement rate that is most applicable to District employees is 31.36%, effective October 1, 2024, that is charged to districts to fund the retirement system. In addition, the State charges and funds a stabilization rate which is projected to be 10.58% for fiscal year 2024-2025. The ability of the state to continue to subsidize the stabilization rate is a concern.
- **Ingham Intermediate School District Special Education Funding Distribution Plan:** Ingham ISD Board of Education approved changes to the distribution of special education funding to LEAs beginning with fiscal year 2025-2026. Changes to the distribution plan are estimated to reduce the District's funding by \$300,000 when fully implemented.
- **Employee Contracts:** The District has three collectively bargained agreements (CBAs). The most significant, from a financial perspective, is the East Lansing Education Association (ELEA). The ELEA's CBA is settled through June 30, 2025.

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
STATEMENT OF NET POSITION
JUNE 30, 2024**

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 18,540,387
Receivables	
Accounts receivable	17,810
Interest receivable	70,971
Intergovernmental	7,183,805
Inventories	135,790
Prepays	385,107
Restricted cash - capital projects	4,620,255
Net other postemployment benefits asset	1,333,059
Capital assets not being depreciated	1,157,862
Capital assets, net of accumulated depreciation/amortization	<u>134,767,880</u>
TOTAL ASSETS	<u>168,212,926</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refunding	453,831
Related to other postemployment benefits	5,704,468
Related to pensions	<u>24,731,304</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>30,889,603</u>
LIABILITIES	
Accounts payable	658,466
Accrued salaries and related items	3,716,212
Accrued retirement	2,073,734
Accrued interest	689,550
Unearned revenue	1,364,333
Due to other governmental units	709
Noncurrent obligations	
Due within one year	5,607,603
Due in more than a year	99,008,596
Net pension liability	<u>73,829,250</u>
TOTAL LIABILITIES	<u>186,948,453</u>
DEFERRED INFLOWS OF RESOURCES	
Related to other postemployment benefits	10,451,263
Related to pensions	7,699,498
Related to state aid funding for pension	<u>4,658,651</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>22,809,412</u>
NET POSITION	
Net investment in capital assets	37,181,460
Restricted for food service	504,391
Restricted for capital projects (sinking fund)	596,418
Restricted for debt service	141,307
Restricted for net other postemployment benefits	1,333,059
Unrestricted	<u>(50,411,971)</u>
TOTAL NET POSITION	<u><u>\$ (10,655,336)</u></u>

See notes to financial statements.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024**

Functions/Programs	Expenses	Program Revenues		Governmental Activities
		Charges for Services	Operating Grants and Contributions	Net (expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	\$ 28,398,828	\$ -	\$ 15,288,403	\$ (13,110,425)
Support services	20,833,787	89,190	296,281	(20,448,316)
Community services	31,295	-	3,430	(27,865)
Food services	2,030,882	53,013	2,133,492	155,623
Student/school activities	535,636	-	569,776	34,140
Interest on long-term debt	4,327,175	-	-	(4,327,175)
Loss on disposal of capital assets	74,681	-	-	(74,681)
Unallocated depreciation	6,428,749	-	-	(6,428,749)
Total governmental activities	<u>\$ 62,661,033</u>	<u>\$ 142,203</u>	<u>\$ 18,291,382</u>	<u>(44,227,448)</u>
General revenues				
Property taxes, levied for general purposes				11,644,447
Property taxes, levied for debt service				9,236,020
Property taxes, levied for sinking fund				1,381,538
Investment earnings				1,094,170
State sources				23,300,964
Intermediate sources				5,534,028
Other				357,688
Total general revenues				<u>52,548,855</u>
CHANGE IN NET POSITION				8,321,407
NET POSITION, beginning of year				<u>(18,976,743)</u>
NET POSITION, end of year				<u>\$ (10,655,336)</u>

See notes to financial statements.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024**

	General Fund	2024 Capital Projects Fund	2020 Capital Projects Fund	2019 Sinking Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 16,073,029	\$ -	\$ -	\$ 659,730	\$ 1,807,628	\$ 18,540,387
Receivables						
Accounts receivable	17,810	-	-	-	-	17,810
Interest receivable	70,971	-	-	-	-	70,971
Intergovernmental	7,053,725	-	-	-	130,080	7,183,805
Due from other funds	1,500	-	-	-	-	1,500
Inventories	24,586	-	-	-	111,204	135,790
Prepays	373,404	-	-	-	11,703	385,107
Restricted cash	-	4,620,255	-	-	-	4,620,255
TOTAL ASSETS	\$ 23,615,025	\$ 4,620,255	\$ -	\$ 659,730	\$ 2,060,615	\$ 30,955,625
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 430,773	\$ 122,230	\$ -	\$ 63,312	\$ 42,151	\$ 658,466
Accrued salaries and related items	3,716,212	-	-	-	-	3,716,212
Accrued retirement	2,073,734	-	-	-	-	2,073,734
Due to other funds	-	-	-	-	1,500	1,500
Due to other governmental units	709	-	-	-	-	709
Unearned revenue	1,332,729	-	-	-	31,604	1,364,333
TOTAL LIABILITIES	7,554,157	122,230	-	63,312	75,255	7,814,954
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	100,000	-	-	-	-	100,000
FUND BALANCES						
Nonspendable						
Inventories	24,586	-	-	-	111,204	135,790
Prepays	373,404	-	-	-	11,703	385,107

See notes to financial statements.

	General Fund	2024 Capital Projects Fund	2020 Capital Projects Fund	2019 Sinking Fund	Total Nonmajor Funds	Total Governmental Funds
FUND BALANCES (continued)						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 830,857	\$ 830,857
Capital projects	-	4,498,025	-	596,418	-	5,094,443
Food service	-	-	-	-	534,326	534,326
Committed						
Student/school activities	-	-	-	-	497,270	497,270
Assigned for subsequent year expenditures	1,921,642	-	-	-	-	1,921,642
Unassigned general fund	13,641,236	-	-	-	-	13,641,236
TOTAL FUND BALANCES	15,960,868	4,498,025	-	596,418	1,985,360	23,040,671
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 23,615,025	\$ 4,620,255	\$ -	\$ 659,730	\$ 2,060,615	\$ 30,955,625

Total governmental fund balances \$ 23,040,671

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

Deferred charges on refunding	453,831
Deferred outflows of resources - related to pensions	24,731,304
Deferred outflows of resources - related to other postemployment benefits	5,704,468
Deferred inflows of resources - related to pensions	(7,699,498)
Deferred inflows of resources - related to other postemployment benefits	(10,451,263)
Deferred inflows of resources - related to state funding for pension	(4,658,651)

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	1,333,059
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Capital assets used in governmental activities are not financial resources and are not reported in the funds:

The cost of the capital assets is	\$ 200,920,566
Accumulated depreciation/amortization is	<u>(64,994,824)</u>
	135,925,742

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

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

Bonds and notes payable	(103,696,138)
Compensated absences and termination benefits	(920,061)
Accrued interest is not included as a liability in government funds, it is recorded when paid	(689,550)
Net pension liability	<u>(73,829,250)</u>

Net position of governmental activities \$ (10,655,336)

See notes to financial statements.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024**

	General Fund	2024 Capital Projects Fund	2020 Capital Projects Fund	2019 Sinking Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES						
Local sources						
Property taxes	\$ 11,644,447	\$ -	\$ -	\$ 1,381,538	\$ 9,236,020	\$ 22,262,005
Investment earnings	940,575	3,004	14	-	150,577	1,094,170
Food sales and athletics	86,312	-	-	-	53,013	139,325
Student/school activities	-	-	-	-	569,776	569,776
Other	297,542	-	-	-	-	297,542
Total local sources	12,968,876	3,004	14	1,381,538	10,009,386	24,362,818
State sources	36,744,088	-	-	-	915,601	37,659,689
Federal sources	809,197	-	-	-	1,217,891	2,027,088
Incoming transfers and other	5,597,052	-	-	-	-	5,597,052
TOTAL REVENUES	56,119,213	3,004	14	1,381,538	12,142,878	69,646,647
EXPENDITURES						
Current						
Instruction	32,115,866	-	-	-	-	32,115,866
Supporting services	23,655,982	-	-	-	-	23,655,982
Food service activities	-	-	-	-	2,094,710	2,094,710
Student/school activities	-	-	-	-	535,636	535,636
Community service activities	31,295	-	-	-	-	31,295
Capital outlay	-	-	137,221	1,219,365	12,816	1,369,402

See notes to financial statements.

	General Fund	2024 Capital Projects Fund	2020 Capital Projects Fund	2019 Sinking Fund	Total Nonmajor Funds	Total Governmental Funds
EXPENDITURES (continued)						
Debt service						
Principal repayment	\$ 98,143	\$ -	\$ -	\$ -	\$ 5,045,000	\$ 5,143,143
Interest	8,282	-	-	-	4,365,150	4,373,432
Issuance costs	-	147,909	-	-	-	147,909
Other costs	-	-	-	583	5,525	6,108
	<u>55,909,568</u>	<u>147,909</u>	<u>137,221</u>	<u>1,219,948</u>	<u>12,058,837</u>	<u>69,473,483</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES						
	<u>209,645</u>	<u>(144,905)</u>	<u>(137,207)</u>	<u>161,590</u>	<u>84,041</u>	<u>173,164</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from bond issuance	-	4,545,000	-	-	-	4,545,000
Premium on bond issuance	-	97,930	-	-	-	97,930
Proceeds from sale of capital assets	42,336	-	-	-	-	42,336
Proceeds from subscription-based IT arrangement	206,933	-	-	-	-	206,933
	<u>249,269</u>	<u>4,642,930</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,892,199</u>
NET CHANGE IN FUND BALANCES						
	458,914	4,498,025	(137,207)	161,590	84,041	5,065,363
FUND BALANCES						
Beginning of year	<u>15,501,954</u>	<u>-</u>	<u>137,207</u>	<u>434,828</u>	<u>1,901,319</u>	<u>17,975,308</u>
End of year	<u>\$ 15,960,868</u>	<u>\$ 4,498,025</u>	<u>\$ -</u>	<u>\$ 596,418</u>	<u>\$ 1,985,360</u>	<u>\$ 23,040,671</u>

See notes to financial statements.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024**

Net change in fund balances total governmental funds	\$	5,065,363
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p style="padding-left: 20px;">Governmental funds report capital outlays as expenditures. In the statement of activities these costs are allocated over their estimated useful lives as depreciation/amortization:</p>		
Depreciation/amortization expense		(6,428,749)
Capital outlay		1,300,289
Net book value of assets disposed		(117,017)
<p>Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:</p>		
Accrued interest payable, beginning of the year		727,525
Accrued interest payable, end of the year		(689,550)
<p>The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences in the treatment of long-term debt and related items are as follows:</p>		
Proceeds from bond issuance		(4,545,000)
Proceeds from subscription-based IT arrangements		(206,933)
Payments on debt		5,143,143
Premium on issuance of bonds		(97,930)
Amortization of deferred charges on refunding		(75,638)
Amortization of bond premium		1,053,255
<p>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:</p>		
Deferred inflows - unavailable revenue, beginning of the year		(100,000)
Deferred inflows - unavailable revenue, end of the year		100,000
<p>Compensated absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:</p>		
Accrued compensated absences and termination benefits, beginning of the year		869,598
Accrued compensated absences and termination benefits, end of the year		(920,061)
<p>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:</p>		
Other postemployment benefits related items		4,852,242
Pension related items		1,055,077
<p>Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to section 147c pension benefit contributions subsequent to the measurement period:</p>		
State aid funding for pension, beginning of year		5,994,444
State aid funding for pension, end of year		(4,658,651)
Change in net position of governmental activities	\$	8,321,407

See notes to financial statements.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2024**

	<u>Custodial</u>
ASSETS	
Cash	<u>\$ 47,653</u>
NET POSITION	
Restricted for student organizations	<u>\$ 47,653</u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2024**

	Custodial
ADDITIONS	
Student activity income	\$ -
Investment earnings	-
	-
TOTAL ADDITIONS	-
DEDUCTIONS	
Payments made on behalf of student organizations	556
	556
NET POSITION	
Beginning of year	48,209
	48,209
End of year	\$ 47,653
	47,653

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Government-wide Financial Statements

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

Reporting Entity

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

Basis of Presentation - Government-wide Financial Statements

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

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

Basis of Presentation - Fund Financial Statements

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

The District reports the following *Major Governmental Funds*:

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

The *2024 Capital Projects Fund* accounts for the receipt of debt proceeds and the acquisition of capital assets or construction of major capital projects. The fund is not yet considered substantially complete, and a subsequent year audit is expected.

The *2020 Capital Projects Fund* accounts for the receipt of debt proceeds and the acquisition of capital assets or construction of major capital projects. The 2020 fund was previously considered substantially complete.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements (continued)

The *2019 Sinking Fund* accounts for the receipt of property taxes levied for sinking fund and subsequent expenditures of those funds. The fund has complied with the applicable provisions of Section 1212(1) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 2023-1.

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

	2024 Capital Projects	2020 Capital Projects
Revenue, not including proceeds	\$ 3,004	\$ 179,496
Expenditures and transfers	\$ 147,909	\$ 26,823,107

The above revenue figures do not include total 2024 and 2020 bond proceeds and premiums of \$4,642,930 and \$26,643,611, respectively.

The District reports the following *Other Nonmajor Funds*:

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

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

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

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

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

Budgetary Information

Budgetary Basis of Accounting

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

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

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

- 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.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Information (continued)

Budgetary Basis of Accounting (continued)

- 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 approved prior to year ended June 30, 2024. The District does not consider these amendments to be significant.

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

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of 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.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include property, plant, equipment, and transportation vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of 2 years. Group purchases are evaluated on a case-by-case basis. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

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

Land and construction in progress if any are not depreciated. Right to use assets of the District are amortized using the straight-line method over the shorter of the lease/subscription period or the estimated useful lives. The other capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

Capital Asset Classes	Lives
Buildings and additions	20 - 50
Furniture and equipment	5 - 20
Land improvements	15 - 20
Right to use - subscription-based IT	3-6
Vehicles	8

Defined Benefit Plans

For purposes of measuring the net pension liability and net 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 (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Deferred 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 three items that qualify for reporting in this category. They are the deferred charge on refunding, pension, and other postemployment benefits related items reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow is recognized for pension and other postemployment benefit related items. These amounts are expensed in the plan year in which they apply.

Deferred Inflows

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net 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 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 (asset) and the actual results. The amounts are amortized over a period determined by the actuary. The fourth item is unavailable revenue. The district reports unavailable revenue from future lease revenue. These amounts are deferred and recognized as inflow of resources in the period that the amounts become available.

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance Policies

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

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

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

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

Leases and Subscription-based IT Arrangements (SBITA)

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Leases and Subscription-based IT Arrangements (SBITA) (continued)

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

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

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

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

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

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

Revenues and Expenditures/Expenses

Program Revenues

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

Property Taxes

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses (continued)

Property Taxes (continued)

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	6.3000
Sinking fund	
PRE, Non-PRE, Commercial Personal Property	0.9972

Compensated Absences and Termination Benefits

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

Long-Term Obligations

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

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

NOTE 2 - DEPOSITS AND INVESTMENTS

As of June 30, 2024, the District had deposits and investments subject to the following risk:

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. As of June 30, 2024, \$23,525,482 of the District’s bank balance of \$23,775,482 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 \$23,208,295.

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

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk - Investments

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

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

Interest Rate Risk

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

Concentration of Credit Risk

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

Foreign Currency Risk

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

Fair Value Measurement

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

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.

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

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement (continued)

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the District’s own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

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

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

The following summarizes the categorization of these amounts as of June 30, 2024:

	Primary Government	Custodial Fund	Total
Cash and cash equivalents	\$ 18,540,387	\$ 47,653	\$ 18,588,040
Restricted cash - capital projects	4,620,255	-	4,620,255
	\$ 23,160,642	\$ 47,653	\$ 23,208,295

NOTE 3 - INTERGOVERNMENTAL RECEIVABLES

Receivables at June 30, 2024 consist of the following:

Intergovernmental	
State aid	\$ 6,817,011
Federal revenue	223,727
Ingham Intermediate School District	143,067
	\$ 7,183,805

No allowance for doubtful accounts is considered necessary.

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

NOTE 4 - CAPITAL ASSETS

A summary of changes in the District's capital assets at June 30, 2024 is as follows:

	Balance July 1, 2023	Additions/ Reclassifications	Deletions/ Reclassifications	Balance June 30, 2024
Capital assets not being depreciated/amortized				
Land	\$ 480,535	\$ -	\$ -	\$ 480,535
Construction in progress	885,053	493,954	701,680	677,327
Total capital assets not being depreciated/amortized	1,365,588	493,954	701,680	1,157,862
Capital assets being depreciated/amortized				
Land improvements	26,211,518	259,058	-	26,470,576
Buildings and additions	161,652,050	874,901	284,491	162,242,460
Furniture and equipment	10,401,691	67,508	230,290	10,238,909
Right to use - subscription-based IT	198,691	206,933	-	405,624
Vehicles	329,505	99,615	23,985	405,135
Total capital assets being depreciated/amortized	198,793,455	1,508,015	538,766	199,762,704
Accumulated depreciation/amortization				
Land improvements	10,381,591	1,238,150	-	11,619,741
Building and improvements	42,632,177	4,305,885	187,907	46,750,155
Furniture and equipment	5,651,841	704,744	224,848	6,131,737
Right to use - subscription-based IT	56,970	139,743	-	196,713
Vehicles	265,245	40,227	8,994	296,478
Total accumulated depreciation/amortization	58,987,824	6,428,749	421,749	64,994,824
Net capital assets being depreciated/amortized	139,805,631	(4,920,734)	117,017	134,767,880
Net governmental capital assets	<u>\$ 141,171,219</u>	<u>\$ (4,426,780)</u>	<u>\$ 818,697</u>	<u>\$ 135,925,742</u>

Depreciation/amortization for the fiscal year ended June 30, 2024 amounted to \$6,428,749. The District determined that it was impractical to allocate depreciation/amortization to the various governmental activities as the assets serve multiple functions.

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

	Due From Other Funds General Fund
Due to other funds	
Other nonmajor governmental	<u>\$ 1,500</u>

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

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

NOTE 6 - LONG-TERM OBLIGATIONS

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

	General Obligation Bonds	Compensated Absences and Termination Benefits	Direct Borrowings and Direct Placements	Total
Balance, July 1, 2023	\$ 105,001,179	\$ 869,598	\$ 41,494	\$ 105,912,271
Additions	4,642,930	127,017	206,933	4,976,880
Deletions	<u>(6,098,255)</u>	<u>(76,554)</u>	<u>(98,143)</u>	<u>(6,272,952)</u>
Balance, June 30, 2024	103,545,854	920,061	150,284	104,616,199
Due within one year	<u>(5,505,000)</u>	<u>(41,852)</u>	<u>(60,751)</u>	<u>(5,607,603)</u>
Due in more than one year	<u>\$ 98,040,854</u>	<u>\$ 878,209</u>	<u>\$ 89,533</u>	<u>\$ 99,008,596</u>

The District issues general obligation bonds to provide funds for the acquisition, construction, and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. Long-term obligations at June 30, 2024 are comprised of the following issues:

General Obligation Bonds

2015 Refunding general obligation bonds due in annual installments of \$2,405,000 to \$2,590,000 through May 1, 2030, with interest at 5.00%.	\$ 15,015,000
2017 Building and site bonds due in annual installments of \$2,000,000 to \$2,920,000 through May 1, 2042, with interest rates from 4% to 5%.	49,675,000
2020 Building and site bonds due in annual installments of \$915,000 to \$1,045,000 through May 1, 2044, with interest rates from 4% to 5%.	20,165,000
2024 Building and site bonds due in annual installments of \$340,000 to \$820,000 through May 1, 2033, with an interest rate of 4%.	4,545,000
Plus issuance premium	<u>14,145,854</u>
Total general obligation bonds	<u>103,545,854</u>

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

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

Direct Borrowing and Direct Placement

SBITA - During the 2023 fiscal year, the District entered into a SBITA agreement. An initial liability was recorded in the amount of \$63,494 during the current fiscal year. Due in annual installments of \$20,340 to \$22,000 with an imputed interest rate of 4%. \$ 21,154

SBITA - During the 2024 fiscal year, the District entered into a SBITA agreement. An initial liability was recorded in the amount of \$206,933 during the current fiscal year. Due in annual installments of \$41,385 to \$48,425 with an imputed interest rate of 4%. 129,130

Total direct borrowing and direct placement 150,284

Compensated Absences and Termination Benefits 920,061

Total general long-term obligations \$ 104,616,199

The District has defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2024, \$18,450,000 of bonds outstanding are considered defeased.

The annual requirements to amortize the long-term obligations outstanding exclusive of compensated absences payments as of June 30, 2024 are as follows:

Year Ending June 30,	General Obligation Bonds		Direct Borrowing and Direct Placements		Compensated Absences and Termination Benefits	Total
	Principal	Interest	Principal	Interest		
2025	\$ 5,505,000	\$ 4,291,325	\$ 60,751	\$ 6,012	\$ -	\$ 9,863,088
2026	6,070,000	4,073,000	42,971	3,581	-	10,189,552
2027	6,295,000	3,804,700	46,562	1,862	-	10,148,124
2028	6,360,000	3,527,850	-	-	-	9,887,850
2029	6,670,000	3,223,750	-	-	-	9,893,750
2030-2034	24,870,000	11,763,150	-	-	-	36,633,150
2035-2039	19,680,000	6,441,000	-	-	-	26,121,000
2040-2044	13,950,000	1,656,750	-	-	-	15,606,750
	89,400,000	38,781,525	150,284	11,455	-	128,343,264
Issuance premium	14,145,854	-	-	-	-	14,145,854
Compensated absences and termination benefits	-	-	-	-	920,061	920,061
	<u>\$ 103,545,854</u>	<u>\$ 38,781,525</u>	<u>\$ 150,284</u>	<u>\$ 11,455</u>	<u>\$ 920,061</u>	<u>\$ 143,409,179</u>

Interest expense (all funds) for the year ended June 30, 2024 was approximately \$4,373,000.

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

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
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.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
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.

Benefits Provided - Other Postemployment Benefit (OPEB)

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

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

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Retiree Healthcare Reform of 2012

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

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

Regular Retirement (no reduction factor for age)

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

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

Member Contributions

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

Employer Contributions

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

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.

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

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Employer Contributions (continued)

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 an 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, 2023 - September 30, 2024	13.90% - 23.03%	7.06% - 8.31%
October 1, 2022 - September 30, 2023	13.75% - 20.16%	7.21% - 8.07%

The District's pension contributions for the year ended June 30, 2024 were equal to the required contribution total. Total pension contributions were approximately \$10,117,000. Of the total pension contributions approximately \$9,758,000 was contributed to fund the Defined Benefit Plan and approximately \$359,000 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 \$2,291,000. Of the total OPEB contributions approximately \$2,101,000 was contributed to fund the Defined Benefit Plan and approximately \$190,000 was contributed to fund the Defined Contribution Plan.

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

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

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.

<i>MPSERS (Plan) Non-university Employers</i>	September 30, 2023	September 30, 2022
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	0.22811%	0.21601%
Net Pension Liability for the District	\$ 73,829,250	\$ 81,239,738

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

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

For the year ended June 30, 2024, the District recognized pension expense of \$8,702,709.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 10,004,199	\$ 5,768,194
Net difference between projected and actual pension plan investments earnings	-	1,510,785
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,214,060	307,424
Differences between expected and actual experience	2,330,564	113,095
Reporting Unit's contributions subsequent to the measurement date	9,182,481	-
	\$ 24,731,304	\$ 7,699,498

\$9,182,481, reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

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

Year Ending September 30,	Amount
2024	\$ 2,607,268
2025	1,945,107
2026	4,009,853
2027	(712,903)

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

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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.

<u>MPERS (Plan) Non-university Employers</u>	<u>September 30, 2023</u>	<u>September 30, 2022</u>
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	0.21683%	0.21337%
Net other postemployment benefit liability (asset) for the District	\$ (1,333,059)	\$ 4,672,777

For the year ended June 30, 2024, the District recognized OPEB benefit of \$2,751,552.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 10,073,278
Changes of assumptions	2,967,622	357,358
Net difference between projected and actual earnings on OPEB plan investments	4,064	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	853,810	20,627
Employer contributions subsequent to the measurement date	<u>1,878,972</u>	<u>-</u>
	<u>\$ 5,704,468</u>	<u>\$ 10,451,263</u>

\$1,878,972, reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

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

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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	\$ (2,213,794)
2025	(2,084,986)
2026	(749,750)
2027	(733,718)
2028	(557,065)
2029	(286,454)

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.

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

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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

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

Healthcare Cost Trend Rate for Other Postemployment Benefit - Pre 65, 7.50% 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.

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 electing two-person coverage are assumed to have coverage continuing after the retiree's death.

Coverage Election at Retirement - 75% of male and 60% of female future retirees who elected coverage 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:

Investment Category	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	25.00%	5.8%
International Equity Pools	15.00%	6.8%
Private Equity Pools	16.00%	9.6%
Real Estate and Infrastructure Pools	10.00%	6.4%
Fixed Income Pools	13.00%	1.3%
Absolute Return Pools	9.00%	4.8%
Real Return/Opportunistic Pools	10.00%	7.3%
Short Term Investment Pools	2.00%	0.3%
	<u>100.00%</u>	

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

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

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

Rate of Return - For fiscal year ended September 30, 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.

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	\$ 99,743,100	\$ 73,829,250	\$ 52,255,032

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 Benefits		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability (asset)	\$ 1,381,982	\$ (1,333,059)	\$ (3,666,370)

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

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

Sensitivity to the Net OPEB Liability (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:

Reporting Unit's proportionate share of the net other postemployment benefit liability (asset)	Other Postemployment Benefits		
	Current		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
	\$ (3,672,188)	\$ (1,333,059)	\$ 1,198,645

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 - RISK MANAGEMENT

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

In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The workers' compensation pool and the property casualty pool maintain reinsurance for claims generally in excess of \$500,000 for each occurrence with the overall maximum coverage varying depending on the specific type coverage of reinsurance.

The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2024 or any of the prior 3 years.

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

NOTE 9 - TAX ABATEMENTS

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

Municipality	Taxes Abated
City of East Lansing	\$ 1,421,825
City of Lansing	28,415
Total	\$ 1,450,240

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

NOTE 10 - CONTINGENT LIABILITIES

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

NOTE 11 - UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2022, the GASB issued Statement No. 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.

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

NOTE 11 - UPCOMING ACCOUNTING PRONOUNCEMENTS (continued)

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;
- 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

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
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	\$ 12,830,314	\$ 12,916,957	\$ 12,968,876	\$ 51,919
State sources	34,540,849	36,801,153	36,744,088	(57,065)
Federal sources	909,370	809,787	809,197	(590)
Incoming transfers and other	5,750,010	5,619,616	5,597,052	(22,564)
TOTAL REVENUES	54,030,543	56,147,513	56,119,213	(28,300)
EXPENDITURES				
Current				
Instruction				
Basic programs	23,797,537	24,148,147	24,024,671	123,476
Added needs	8,326,629	8,212,190	8,091,195	120,995
Total instruction	32,124,166	32,360,337	32,115,866	244,471
Supporting services				
Pupil	5,043,007	5,107,197	4,947,638	159,559
Instructional staff	3,715,051	3,960,933	3,668,082	292,851
General administration	528,753	535,611	537,788	(2,177)
School administration	3,221,918	3,200,866	3,132,407	68,459
Business	747,766	867,984	827,687	40,297
Operation/maintenance	5,807,830	6,294,837	6,149,333	145,504
Pupil transportation	1,761,047	1,827,311	1,794,049	33,262
Central	1,420,242	1,408,451	1,538,558	(130,107)
Athletics	1,049,687	1,081,369	1,060,440	20,929
Total supporting services	23,295,301	24,284,559	23,655,982	628,577
Community services	32,612	41,816	31,295	10,521
Debt service	88,157	21,890	106,425	(84,535)
TOTAL EXPENDITURES	55,540,236	56,708,602	55,909,568	799,034
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,509,693)	(561,089)	209,645	770,734
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	15,000	25,000	42,336	17,336
Subscription-based IT arrangements	-	-	206,933	206,933
TOTAL OTHER FINANCING SOURCES (USES)	15,000	25,000	249,269	224,269
NET CHANGE IN FUND BALANCE	\$ (1,494,693)	\$ (536,089)	458,914	\$ 995,003
FUND BALANCE				
Beginning of year			15,501,954	
End of year			<u>\$ 15,960,868</u>	

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

	<u>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>	<u>2014</u>
Reporting Unit's proportion of net pension liability (%)	0.22811%	0.21601%	0.21723%	0.21488%	0.21167%	0.21426%	0.21939%	0.21837%	0.21480%	0.22017%
Reporting Unit's proportionate share of net pension liability	<u>\$ 73,829,250</u>	<u>\$ 81,239,738</u>	<u>\$ 51,430,885</u>	<u>\$ 73,813,387</u>	<u>\$ 70,097,391</u>	<u>\$ 64,411,434</u>	<u>\$ 56,853,910</u>	<u>\$ 54,481,960</u>	<u>\$ 52,465,688</u>	<u>\$ 48,496,759</u>
Reporting Unit's covered-employee payroll	<u>\$ 23,568,798</u>	<u>\$ 21,472,220</u>	<u>\$ 19,768,312</u>	<u>\$ 19,238,765</u>	<u>\$ 18,626,250</u>	<u>\$ 17,883,246</u>	<u>\$ 18,372,230</u>	<u>\$ 18,594,479</u>	<u>\$ 17,927,386</u>	<u>\$ 18,712,153</u>
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	313.25%	378.35%	260.17%	383.67%	376.34%	360.18%	309.46%	293.00%	292.66%	259.17%
Plan fiduciary net position as a percentage of total pension liability (Non-university employee)	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

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

	<u>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	\$ 9,757,786	\$ 10,227,898	\$ 7,224,865	\$ 6,300,939	\$ 5,834,186	\$ 5,549,581	\$ 5,700,705	\$ 5,129,913	\$ 4,676,809	\$ 3,817,387
Contributions in relation to statutorily required contributions	<u>9,757,786</u>	<u>10,227,898</u>	<u>7,224,865</u>	<u>6,300,939</u>	<u>5,834,186</u>	<u>5,549,581</u>	<u>5,700,705</u>	<u>5,129,913</u>	<u>4,676,809</u>	<u>3,817,387</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll	<u>\$ 25,100,644</u>	<u>\$ 23,721,775</u>	<u>\$ 21,142,037</u>	<u>\$ 19,193,974</u>	<u>\$ 19,166,115</u>	<u>\$ 18,410,181</u>	<u>\$ 17,992,654</u>	<u>\$ 18,395,718</u>	<u>\$ 16,608,983</u>	<u>\$ 18,107,753</u>
Contributions as a percentage of covered-employee payroll	38.87%	43.12%	34.17%	32.83%	30.44%	30.14%	31.68%	27.89%	28.16%	21.08%

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Reporting Unit's proportion of net OPEB liability/asset (%)	0.23565%	0.22062%	0.21883%	0.21683%	0.21337%	0.21015%	0.21979%
Reporting Unit's proportionate share of net OPEB liability (asset)	<u>\$ (1,333,059)</u>	<u>\$ 4,672,777</u>	<u>\$ 3,340,181</u>	<u>\$ 11,616,267</u>	<u>\$ 15,315,292</u>	<u>\$ 16,704,498</u>	<u>\$ 19,463,607</u>
Reporting Unit's covered-employee payroll	<u>\$ 23,568,798</u>	<u>\$ 21,472,220</u>	<u>\$ 19,768,312</u>	<u>\$ 19,238,765</u>	<u>\$ 18,626,250</u>	<u>\$ 17,883,246</u>	<u>\$ 18,372,230</u>
Reporting Unit's proportionate share of net OPEB liability/asset as a percentage of its covered-employee payroll	5.66%	21.76%	16.90%	60.38%	82.22%	93.41%	105.94%
Plan fiduciary net position as a percentage of total OPEB liability (Non-university employee)	105.04%	83.09%	87.33%	59.44%	48.46%	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.

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contributions	\$ 2,100,960	\$ 1,875,794	\$ 1,747,015	\$ 1,651,425	\$ 1,647,518	\$ 1,541,169	\$ 1,599,006
Contributions in relation to statutorily required contributions	<u>2,100,960</u>	<u>1,875,794</u>	<u>1,747,015</u>	<u>1,651,425</u>	<u>1,647,518</u>	<u>1,541,169</u>	<u>1,599,006</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll	<u>\$ 25,100,644</u>	<u>\$ 23,721,775</u>	<u>\$ 21,142,037</u>	<u>\$ 19,193,974</u>	<u>\$ 19,166,115</u>	<u>\$ 18,410,181</u>	<u>\$ 17,992,654</u>
Contributions as a percentage of covered-employee	8.37%	7.91%	8.26%	8.60%	8.60%	8.37%	8.89%

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

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

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
YEAR ENDED JUNE 30, 2024**

LOCAL SOURCES	
Property taxes	\$ 11,644,447
Investment earnings	940,575
Other local revenue	297,542
Athletics	<u>86,312</u>
TOTAL LOCAL SOURCES	<u>12,968,876</u>
 STATE SOURCES	
Foundation grant	12,233,454
Special education	2,606,160
Other state revenue	<u>21,904,474</u>
TOTAL STATE SOURCES	<u>36,744,088</u>
 FEDERAL SOURCES	
Title I	452,564
Title II	97,371
Title III	31,036
ESSER III - 11t	103,702
Other federal revenue	<u>124,524</u>
TOTAL FEDERAL SOURCES	<u>809,197</u>
 INCOMING TRANSFERS AND OTHER TRANSACTIONS	
Special education	5,498,894
Other	<u>98,158</u>
TOTAL INCOMING TRANSFERS AND OTHER TRANSACTIONS	<u>5,597,052</u>
TOTAL REVENUES	<u>56,119,213</u>
 OTHER FINANCING SOURCES	
Proceeds from sale of capital assets	42,336
Proceeds from SBITAs	<u>206,933</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u><u>\$ 56,368,482</u></u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
YEAR ENDED JUNE 30, 2024**

INSTRUCTION	
Basic programs	
Elementary	
Salaries	\$ 5,870,594
Benefits	4,481,919
Purchased services	49,191
Supplies and materials	158,592
Capital outlay	5,976
Other expenses	<u>467,873</u>
Total elementary	<u>11,034,145</u>
Middle school	
Salaries	2,591,578
Benefits	1,994,959
Purchased services	53,184
Supplies and materials	56,074
Capital outlay	7,514
Other expenses	<u>177,553</u>
Total middle school	<u>4,880,862</u>
High school	
Salaries	3,799,343
Benefits	2,833,216
Purchased services	414,302
Supplies and materials	99,367
Capital outlay	11,430
Other expenses	<u>300,560</u>
Total high school	<u>7,458,218</u>
Pre-school	
Salaries	203,594
Benefits	158,344
Supplies and materials	3,099
Other expenses	<u>3,237</u>
Total pre-school	<u>368,274</u>
Summer school	
Salaries	180,054
Benefits	94,355
Purchased services	116
Supplies and materials	<u>8,647</u>
Total summer school	<u>283,172</u>
Total basic programs	<u>24,024,671</u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
YEAR ENDED JUNE 30, 2024**

INSTRUCTION (continued)

Added needs

Special education

Salaries	\$ 2,733,125
Benefits	2,115,185
Purchased services	75,465
Supplies and materials	13,531
Capital outlay	4,734
Other expenses	<u>877,047</u>

Total special education	<u>5,819,087</u>
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Compensatory education

Salaries	1,257,850
Benefits	994,670
Purchased services	16,428
Supplies and materials	<u>2,872</u>

Total compensatory education	<u>2,272,108</u>
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Total added needs	<u>8,091,195</u>
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TOTAL INSTRUCTION	<u>32,115,866</u>
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SUPPORTING SERVICES

Pupil services

Salaries	2,459,939
Benefits	1,771,661
Purchased services	99,983
Supplies and materials	35,893
Capital outlay	40,585
Other expenses	<u>539,577</u>

Total pupil services	<u>4,947,638</u>
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**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
YEAR ENDED JUNE 30, 2024**

SUPPORTING SERVICES (continued)

Instructional staff services	
Salaries	\$ 1,849,911
Benefits	1,356,098
Purchased services	110,139
Supplies and materials	200,256
Capital outlay	16,079
Other expenses	<u>135,599</u>
Total instructional staff services	<u>3,668,082</u>
General administration	
Salaries	235,039
Benefits	185,656
Purchased services	93,941
Supplies and materials	13,279
Capital outlay	259
Other expenses	<u>9,614</u>
Total general administration	<u>537,788</u>
School administration	
Salaries	1,729,045
Benefits	1,329,187
Purchased services	24,187
Supplies and materials	33,412
Capital outlay	6,581
Other expenses	<u>9,995</u>
Total school administration	<u>3,132,407</u>
Business services	
Salaries	409,695
Benefits	281,754
Purchased services	52,789
Supplies and materials	18,973
Other expenses	<u>41,137</u>
Total business services	<u>827,687</u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
YEAR ENDED JUNE 30, 2024**

SUPPORTING SERVICES (continued)

Operations and maintenance	
Salaries	\$ 1,863,781
Benefits	1,306,160
Purchased services	1,063,332
Supplies and materials	1,794,955
Capital outlay	114,672
Other expenses	<u>6,433</u>
Total operations and maintenance	<u>6,149,333</u>
Transportation	
Purchased services	26,609
Supplies and materials	85,458
Other expenses	<u>1,681,982</u>
Total transportation	<u>1,794,049</u>
Central services	
Salaries	521,422
Benefits	368,954
Purchased services	344,203
Supplies and materials	16,612
Capital outlay	213,687
Other expenses	<u>73,680</u>
Total central services	<u>1,538,558</u>
Athletics	
Salaries	464,009
Benefits	300,437
Purchased services	124,638
Supplies and materials	97,204
Capital outlay	45,570
Other expenses	<u>28,582</u>
Total athletics	<u>1,060,440</u>
TOTAL SUPPORTING SERVICES	<u><u>\$ 23,655,982</u></u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
YEAR ENDED JUNE 30, 2024**

COMMUNITY SERVICES	
Salaries	\$ 1,946
Benefits	1,484
Purchased services	13,705
Supplies and materials	<u>11,960</u>
TOTAL COMMUNITY SERVICES	<u>31,295</u>
OTHER FINANCING USES	
Debt service	<u>106,425</u>
TOTAL EXPENDITURES	<u><u>\$ 55,909,568</u></u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUND TYPES
 JUNE 30, 2024**

	Special Revenue	Debt Service	Total Nonmajor Funds
ASSETS			
Cash and cash equivalents	\$ 975,271	\$ 832,357	\$ 1,807,628
Intergovernmental	130,080	-	130,080
Prepays	10,495	1,208	11,703
Inventories	111,204	-	111,204
	\$ 1,227,050	\$ 833,565	\$ 2,060,615
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 42,151	\$ -	\$ 42,151
Due to other funds	-	1,500	1,500
Unearned revenue	31,604	-	31,604
	73,755	1,500	75,255
FUND BALANCES			
Nonspendable			
Prepays	10,495	1,208	11,703
Inventories	111,204	-	111,204
Restricted for:			
Debt service	-	830,857	830,857
Food service	534,326	-	534,326
Committed	497,270	-	497,270
	1,153,295	832,065	1,985,360
	\$ 1,227,050	\$ 833,565	\$ 2,060,615

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2024**

	Special Revenue	Debt Service	Total Nonmajor Funds
REVENUES			
Local sources			
Property taxes	\$ -	\$ 9,236,020	\$ 9,236,020
Investment earnings	-	150,577	150,577
Food sales	53,013	-	53,013
Student/school activities	569,776	-	569,776
Total local sources	622,789	9,386,597	10,009,386
State sources	915,601	-	915,601
Federal sources	1,217,891	-	1,217,891
TOTAL REVENUES	2,756,281	9,386,597	12,142,878
EXPENDITURES			
Current			
Food service activities	2,094,710	-	2,094,710
Student/school activities	535,636	-	535,636
Capital outlay	12,816	-	12,816
Debt service			
Principal repayment	-	5,045,000	5,045,000
Interest expense	-	4,365,150	4,365,150
Other costs	-	5,525	5,525
TOTAL EXPENDITURES	2,643,162	9,415,675	12,058,837
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	113,119	(29,078)	84,041
FUND BALANCES			
Beginning of year	1,040,176	861,143	1,901,319
End of year	\$ 1,153,295	\$ 832,065	\$ 1,985,360

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2024**

	Food Service	Student/School Activities	Total Nonmajor Special Revenue
ASSETS			
Cash and cash equivalents	\$ 467,993	\$ 507,278	\$ 975,271
Intergovernmental	130,080	-	130,080
Prepays	10,495	-	10,495
Inventories	111,204	-	111,204
TOTAL ASSETS	\$ 719,772	\$ 507,278	\$ 1,227,050
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 32,143	\$ 10,008	\$ 42,151
Unearned revenue	31,604	-	31,604
TOTAL LIABILITIES	63,747	10,008	73,755
FUND BALANCES			
Nonspendable			
Prepaid expenditures	10,495	-	10,495
Inventories	111,204	-	111,204
Restricted	534,326	-	534,326
Committed	-	497,270	497,270
TOTAL FUND BALANCES	656,025	497,270	1,153,295
TOTAL LIABILITIES AND FUND BALANCES	\$ 719,772	\$ 507,278	\$ 1,227,050

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2024**

	Food Service	Student/School Activities	Total Nonmajor Special Revenue
REVENUES			
Sales	\$ 53,013	\$ -	\$ 53,013
State sources	915,601	-	915,601
Federal sources	1,217,891	-	1,217,891
Student/school activities	-	569,776	569,776
TOTAL REVENUES	2,186,505	569,776	2,756,281
EXPENDITURES			
Salaries	73,295	-	73,295
Benefits	36,088	-	36,088
Purchased services	251,205	-	251,205
Supplies and materials	999,207	-	999,207
Capital outlay	12,816	-	12,816
Other expenses	734,915	535,636	1,270,551
TOTAL EXPENDITURES	2,107,526	535,636	2,643,162
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	78,979	34,140	113,119
FUND BALANCES			
Beginning of year	577,046	463,130	1,040,176
End of year	\$ 656,025	\$ 497,270	\$ 1,153,295

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2024**

	2015 Refunding	2017 Debt	2020 Debt	Total Nonmajor Debt Service
ASSETS				
Cash and cash equivalents	\$ 317,716	\$ 369,004	\$ 145,637	\$ 832,357
Prepays	375	500	333	1,208
TOTAL ASSETS	\$ 318,091	\$ 369,504	\$ 145,970	\$ 833,565
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to other funds	\$ 500	\$ 500	\$ 500	\$ 1,500
FUND BALANCES				
Nonspendable				
Prepays	375	500	333	1,208
Restricted for debt service	317,216	368,504	145,137	830,857
TOTAL FUND BALANCES	317,591	369,004	145,470	832,065
TOTAL LIABILITIES AND FUND BALANCES	\$ 318,091	\$ 369,504	\$ 145,970	\$ 833,565

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2024**

	2015 <u>Refunding</u>	2017 <u>Debt</u>	2020 <u>Debt</u>	Total Nonmajor <u>Debt Service</u>
REVENUES				
Local sources				
Property taxes	\$ 3,386,769	\$ 4,192,848	\$ 1,656,403	\$ 9,236,020
Investment earnings	61,327	65,014	24,236	150,577
TOTAL REVENUES	<u>3,448,096</u>	<u>4,257,862</u>	<u>1,680,639</u>	<u>9,386,597</u>
EXPENDITURES				
Principal repayment	2,605,000	1,790,000	650,000	5,045,000
Interest expense	881,000	2,488,850	995,300	4,365,150
Other costs	2,088	2,304	1,133	5,525
TOTAL EXPENDITURES	<u>3,488,088</u>	<u>4,281,154</u>	<u>1,646,433</u>	<u>9,415,675</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(39,992)</u>	<u>(23,292)</u>	<u>34,206</u>	<u>(29,078)</u>
FUND BALANCES				
Beginning of year	<u>357,583</u>	<u>392,296</u>	<u>111,264</u>	<u>861,143</u>
End of year	<u>\$ 317,591</u>	<u>\$ 369,004</u>	<u>\$ 145,470</u>	<u>\$ 832,065</u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
COMBINED DEBT SERVICE REQUIREMENTS
JUNE 30, 2024**

Fiscal Year Ending June 30,	2015 Refunding Debt	2017 Debt	2020 Debt	2024 Debt	Combined
2025	\$ 3,340,750	\$ 4,417,250	\$ 1,884,300	\$ 154,025	\$ 9,796,325
2026	3,171,250	4,537,250	1,912,700	521,800	10,143,000
2027	2,998,750	4,699,250	1,893,500	508,200	10,099,700
2028	2,873,500	4,616,250	1,853,500	544,600	9,887,850
2029	2,703,250	4,828,000	1,813,500	549,000	9,893,750
2030	2,525,250	4,688,000	1,763,500	827,600	9,804,350
2031	-	4,648,000	1,713,500	814,400	7,175,900
2032	-	4,503,000	1,663,500	885,600	7,052,100
2033	-	4,358,000	1,613,500	852,800	6,824,300
2034	-	4,213,000	1,563,500	-	5,776,500
2035	-	4,088,000	1,523,500	-	5,611,500
2036	-	3,942,000	1,473,000	-	5,415,000
2037	-	3,796,000	1,432,500	-	5,228,500
2038	-	3,650,000	1,381,500	-	5,031,500
2039	-	3,504,000	1,330,500	-	4,834,500
2040	-	3,358,000	1,289,500	-	4,647,500
2041	-	3,212,000	1,238,000	-	4,450,000
2042	-	3,066,000	1,196,500	-	4,262,500
2043	-	-	1,149,500	-	1,149,500
2044	-	-	1,097,250	-	1,097,250
	<u>\$ 17,612,750</u>	<u>\$ 74,124,000</u>	<u>\$ 30,786,750</u>	<u>\$ 5,658,025</u>	<u>\$ 128,181,525</u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
SCHEDULE OF BONDED DEBT SERVICE REQUIREMENTS
2015 REFUNDING DEBT SERIES
JUNE 30, 2024**

2015 Debt Series

Fiscal Year	Principal Due May 1	Interest Due		Total Due Annually
		November 1	May 1	
2025	\$ 2,590,000	\$ 375,375	\$ 375,375	\$ 3,340,750
2026	2,550,000	310,625	310,625	3,171,250
2027	2,505,000	246,875	246,875	2,998,750
2028	2,505,000	184,250	184,250	2,873,500
2029	2,460,000	121,625	121,625	2,703,250
2030	2,405,000	60,125	60,125	2,525,250
Total 2015 bonded debt	\$ 15,015,000	\$ 1,298,875	\$ 1,298,875	\$ 17,612,750

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

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
SCHEDULE OF BONDED DEBT SERVICE REQUIREMENTS
2017 DEBT SERIES
JUNE 30, 2024**

2017 Debt Series

Fiscal Year	Principal Due May 1	Interest Due		Total Due Annually
		November 1	May 1	
2025	\$ 2,000,000	\$ 1,208,625	\$ 1,208,625	\$ 4,417,250
2026	2,200,000	1,168,625	1,168,625	4,537,250
2027	2,450,000	1,124,625	1,124,625	4,699,250
2028	2,465,000	1,075,625	1,075,625	4,616,250
2029	2,800,000	1,014,000	1,014,000	4,828,000
2030	2,800,000	944,000	944,000	4,688,000
2031	2,900,000	874,000	874,000	4,648,000
2032	2,900,000	801,500	801,500	4,503,000
2033	2,900,000	729,000	729,000	4,358,000
2034	2,900,000	656,500	656,500	4,213,000
2035	2,920,000	584,000	584,000	4,088,000
2036	2,920,000	511,000	511,000	3,942,000
2037	2,920,000	438,000	438,000	3,796,000
2038	2,920,000	365,000	365,000	3,650,000
2039	2,920,000	292,000	292,000	3,504,000
2040	2,920,000	219,000	219,000	3,358,000
2041	2,920,000	146,000	146,000	3,212,000
2042	2,920,000	73,000	73,000	3,066,000
Total 2017 bonded debt	<u>\$ 49,675,000</u>	<u>\$ 12,224,500</u>	<u>\$ 12,224,500</u>	<u>\$ 74,124,000</u>

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

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
SCHEDULE OF BONDED DEBT SERVICE REQUIREMENTS
2020 DEBT SERIES
JUNE 30, 2024**

2020 Debt Series

Fiscal Year	Principal Due May 1	Interest Due		Total Due Annually
		November 1	May 1	
2025	\$ 915,000	\$ 484,650	\$ 484,650	\$ 1,884,300
2026	980,000	466,350	466,350	1,912,700
2027	1,000,000	446,750	446,750	1,893,500
2028	1,000,000	426,750	426,750	1,853,500
2029	1,000,000	406,750	406,750	1,813,500
2030	1,000,000	381,750	381,750	1,763,500
2031	1,000,000	356,750	356,750	1,713,500
2032	1,000,000	331,750	331,750	1,663,500
2033	1,000,000	306,750	306,750	1,613,500
2034	1,000,000	281,750	281,750	1,563,500
2035	1,010,000	256,750	256,750	1,523,500
2036	1,010,000	231,500	231,500	1,473,000
2037	1,020,000	206,250	206,250	1,432,500
2038	1,020,000	180,750	180,750	1,381,500
2039	1,020,000	155,250	155,250	1,330,500
2040	1,030,000	129,750	129,750	1,289,500
2041	1,030,000	104,000	104,000	1,238,000
2042	1,040,000	78,250	78,250	1,196,500
2043	1,045,000	52,250	52,250	1,149,500
2044	1,045,000	26,125	26,125	1,097,250
Total 2020 bonded debt	\$ 20,165,000	\$ 5,310,875	\$ 5,310,875	\$ 30,786,750

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

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
SCHEDULE OF BONDED DEBT SERVICE REQUIREMENTS
2024 DEBT SERIES
JUNE 30, 2024**

2024 Debt Series

Fiscal Year	Principal Due May 1	Interest Due		Total Due Annually
		November 1	May 1	
2025	\$ -	\$ 63,125	\$ 90,900	\$ 154,025
2026	340,000	90,900	90,900	521,800
2027	340,000	84,100	84,100	508,200
2028	390,000	77,300	77,300	544,600
2029	410,000	69,500	69,500	549,000
2030	705,000	61,300	61,300	827,600
2031	720,000	47,200	47,200	814,400
2032	820,000	32,800	32,800	885,600
2033	820,000	16,400	16,400	852,800
Total 2024 bonded debt	\$ 4,545,000	\$ 542,625	\$ 570,400	\$ 5,658,025

The amount of the original bond issue was \$4,545,000.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
 CAPITAL PROJECTS FUND - SINKING FUNDS
 DETAIL OF EXPENDITURES
 YEAR ENDED JUNE 30, 2024**

2019 SINKING FUND EXPENDITURES

Donley Elementary	\$ 39,708
Glencairn Elementary	107,699
Marble Elementary	40,849
Robert L. Green Elementary	37,356
Red Cedar Elementary	59,517
Whitehills Elementary	45,631
MacDonald Middle School	336,664
East Lansing High School	545,470
Towar/Administration Building	6,471
Other	583

TOTAL EXPENDITURES	\$ 1,219,948
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**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
2020 CAPITAL PROJECTS FUND
DETAIL OF EXPENDITURES
YEAR ENDED JUNE 30, 2024**

2020 CAPITAL PROJECTS FUND EXPENDITURES

Donley Elementary	\$ 24,555
Glencairn Elementary	24,555
Marble Elementary	23,817
Robert L. Green Elementary	11,591
Red Cedar Elementary	24,696
Whitehills Elementary	<u>28,007</u>
 TOTAL EXPENDITURES	 <u><u>\$ 137,221</u></u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
2024 CAPITAL PROJECTS FUND
DETAIL OF EXPENDITURES
YEAR ENDED JUNE 30, 2024**

2024 CAPITAL PROJECTS FUND EXPENDITURES

MacDonald Middle School	\$ 56,837
East Lansing High School	49,302
Towar/Administration Building	<u>41,770</u>
 TOTAL EXPENDITURES	 <u><u>\$ 147,909</u></u>

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND NET POSITION BY SCHOOL - CUSTODIAL FUND
YEAR ENDED JUNE 30, 2024**

	Net Position 7/1/23	Additions	Deductions	Net Position 6/30/24
East Lansing High School	\$ 48,209	\$ -	\$ 556	\$ 47,653

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass-through Grantor/ Program Title	Federal ALN Number	Pass- through Grantor's Number	Approved Grant Award Amount	Accrued (unearned) Revenue 7/1/2023	(Memo Only) Prior Year Expenditures	Adjustments	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	10.555	N/A	\$ 123,633	\$ -	\$ -	\$ -	\$ 123,633	\$ 123,633	\$ -
National School Lunch Program - bonus			1,983	-	-	-	1,983	1,983	-
Total non-cash assistance			125,616	-	-	-	125,616	125,616	-
Cash Assistance									
National School Lunch Program	10.555	231960	115,163	-	-	-	115,163	115,163	-
National School Lunch Program		241960	640,264	-	-	-	640,264	640,264	-
National School Lunch Program		240910	117,522	-	-	-	117,522	117,522	-
			872,949	-	-	-	872,949	872,949	-
Total ALN 10.555			998,565	-	-	-	998,565	998,565	-
School Breakfast Program	10.553	231970	25,203	-	-	-	25,203	25,203	-
School Breakfast Program		241970	171,835	-	-	-	171,835	171,835	-
Total ALN 10.553			197,038	-	-	-	197,038	197,038	-
Extended Summer Food Service Program	10.559	230900	12,532	12,532	12,532	-	-	12,532	-
Extended Summer Food Service Program		240900	22,288	-	-	-	22,288	12,176	10,112
Total ALN 10.559			34,820	12,532	12,532	-	22,288	24,708	10,112
Total Child Nutrition Cluster			1,230,423	12,532	12,532	-	1,217,891	1,220,311	10,112
Total Cash Assistance			1,104,807	12,532	12,532	-	1,092,275	1,094,695	10,112
Total U.S. Department of Agriculture			1,230,423	12,532	12,532	-	1,217,891	1,220,311	10,112

The accompanying notes are an integral part of this schedule.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass-through Grantor/ Program Title	Federal ALN Number	Pass- through Grantor's Number	Approved Grant Award Amount	Accrued (unearned) Revenue 7/1/2023	(Memo Only) Prior Year Expenditures	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued (unearned) Revenue 6/30/2024
U.S. Department of Education									
Passed through Michigan Department of Education									
Title I Grants to Local Educational Agencies	84.010	231530-2223	\$ 405,710	\$ 96,116	\$ 374,884	\$ -	\$ -	\$ 96,116	\$ -
Title I Grants to Local Educational Agencies		241530-2324	525,575	-	-	-	452,564	324,408	128,156
Total ALN 84.010			931,285	96,116	374,884	-	452,564	420,524	128,156
English Language Acquisition State Grants	84.365	230580-2223	34,532	4,577	33,248	-	-	4,577	-
English Language Acquisition State Grants		240580-2324	35,998	-	-	-	28,560	23,942	4,618
English Language Acquisition State Grants		240570-2324	10,618	-	-	-	2,476	-	2,476
Total ALN 84.365			81,148	4,577	33,248	-	31,036	28,519	7,094
Supporting Effective Instruction State Grants	84.367	230520-2223	80,974	19,981	79,752	-	-	19,981	-
Supporting Effective Instruction State Grants		240520-2324	97,371	-	-	-	97,371	71,831	25,540
Total ALN 84.367			178,345	19,981	79,752	-	97,371	91,812	25,540
Student Support and Academic Enrichment	84.424	230750-2223	28,863	7,264	28,863	-	-	7,264	-
Student Support and Academic Enrichment		240750-2324	29,769	-	-	-	29,769	22,519	7,250
Total ALN 84.424			58,632	7,264	28,863	-	29,769	29,783	7,250
Education Stabilization Fund									
COVID-19 Elementary and Secondary School									
Emergency Relief Fund (ESSER III)	84.425U	213713-2122	2,778,990	136,162	2,778,990	-	-	136,162	-
Emergency Relief Fund (Section 11t)		213723-2122	1,256,902	83,277	1,153,199	-	103,702	186,979	-
Total ALN 84.425			4,035,892	219,439	3,932,189	-	103,702	323,141	-
Total passed through Michigan Department of Education			5,285,302	347,377	4,448,936	-	714,442	893,779	168,040

The accompanying notes are an integral part of this schedule.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass-through Grantor/ Program Title	Federal ALN Number	Pass- through Grantor's Number	Approved Grant Award Amount	Accrued (unearned) Revenue 7/1/2023	(Memo Only) Prior Year Expenditures	Adjustments	Current Year Expenditures	Current Year Cash Receipts	Accrued (unearned) Revenue 6/30/2024
<u>U.S. Department of Education</u>									
Passed through Ingham County Intermediate School District									
Special Education Cluster									
Special Education Flowthrough Grants	84.027	230450-2223	\$ 3,430	\$ -	\$ -	\$ -	\$ 3,430	\$ -	\$ 3,430
Special Education Preschool Grants	84.173	230460-2023	32,720	32,720	32,720	-	-	32,720	-
Special Education Preschool Grants		221285-2122	15,000	325	325	-	-	325	-
Special Education Preschool Grants		240460-2024	35,635	-	-	-	35,635	-	35,635
Total ALN 84.173			83,355	33,045	33,045	-	35,635	33,045	35,635
Total Special Education Cluster			86,785	33,045	33,045	-	39,065	33,045	39,065
Total U.S. Department of Education			5,372,087	380,422	4,481,981	-	753,507	926,824	207,105
<u>U.S. Department of Health and Human Services</u>									
Passed through Ingham Intermediate School District									
Medicaid Cluster									
Medical Assistance Program	93.778	N/A	39,615	-	-	-	39,615	39,615	-
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	232810-HRA2023	112,000	49,488	86,229	-	-	49,488	-
Total U.S. Department of Health and Human Services			151,615	49,488	86,229	-	39,615	89,103	-
<u>U.S. Department of Transportation</u>									
Passed through Michigan Fitness Foundation									
Highway Research and Development Program	20.200	N/A	49,553	5,847	36,987	-	9,565	15,412	-
Highway Research and Development Program			39,530	-	-	-	6,031	-	6,031
Highway Research and Development Program			16,000	-	-	-	479	-	479
Total ALN 20.200			105,083	5,847	36,987	-	16,075	15,412	6,510
TOTAL FEDERAL AWARDS			\$ 6,859,208	\$ 448,289	\$ 4,617,729	\$ -	\$ 2,027,088	\$ 2,251,650	\$ 223,727

The accompanying notes are an integral part of this schedule.

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024**

NOTE 1 - BASIS OF PRESENTATION

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 - RECONCILIATION WITH AUDITED FINANCIAL STATEMENTS

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

General fund	\$ 809,197
Other nonmajor governmental funds	<u>1,217,891</u>
Total federal revenue in the fund financial statements	<u><u>\$ 2,027,088</u></u>



2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912

☎ 517.323.7500

📠 517.323.6346

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

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

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

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Maney Costeiran PC

August 30, 2024

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited School District of the City of East Lansing's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of School District of the City of East Lansing's major federal programs for the year ended June 30, 2024. School District of the City of East Lansing's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, School District of the City of East Lansing complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Maney Costerian PC

August 30, 2024

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

Unmodified

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

_____ Yes X No

Identification of major programs:

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

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

\$ 750,000

Auditee qualified as low-risk auditee?

 X Yes _____ No

Section II - Financial Statement Findings

None noted

Section III - Federal Award Findings and Question Costs

None noted

**SCHOOL DISTRICT OF THE CITY OF EAST LANSING
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2024**

There were no prior year audit findings disclosed.



2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912
☎ 517.323.7500
🖨 517.323.6346

August 30, 2024

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School District of the City of East Lansing for the year ended June 30, 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 the School District of the City of East Lansing are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during fiscal year 2024. We noted no transactions entered into by the School District of the City of East Lansing during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

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

Management's determination of the estimated life span of the capital assets. We evaluated the key factors and assumptions used by management to develop the estimated life span of the capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 30, 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 School District of the City of East Lansing financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the School District of the City of East Lansing auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

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

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

Restriction on Use

This information is intended solely for the use of the management and members of the Board of Education of School District of the City of East Lansing and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Maney Costeiran PC